Finance
Special Operating Agencies Financing Authority

Annual Report
2006 - 2007

Manitoba

Finances
Office de financement
des organismes de service spécial

Rapport annuel
2006 - 2007

Manitoba

His Honour the Honourable John Harvard, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

May it Please Your Honour:

I have the privilege of presenting for the information of Your Honour the Fifthteenth Annual Report for the Special Operating Agencies Financing Authority for the fiscal year ended March 31, 2007.

Respectfully submitted,

Honourable Greg Selinger
Minister

2008-00247/

À son Honneur
L'honorable John Harvard, P.C., O.M.
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C OV8

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le quinzième rapport annuel de l'Office de financement des organismes de service spécial pour l'exercice terminé le 31 mars 2007.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger

Manitoba

Treasury Board Secretariat
200 - 386 Broadway, Winnipeg, Manitoba R3C 3R6
T 204 945-4150 **F** 204 945-4878
www.manitoba.ca

Honourable Greg Selinger
Minister of Finance
Room 103, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Minister:

I have the honour to submit for your consideration the Fifthteenth Annual Report for the Special Operating Agencies Financing Authority for the fiscal year ended March 31, 2007.

Respectfully submitted,

Lynn Cowley

Lynn Cowley, Chairperson
Special Operating Agencies Financing Authority

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The Special Operating Agencies Initiative

Special Operating Agencies (SOAs) are service operations within government granted more direct responsibility for results and increased management flexibility needed to reach new levels of performance. Through strengthened accountability to their Minister and central government, they strive to improve the delivery of services by:

- ensuring operations are clearly defined and well understood;
- setting demanding performance goals and developing strategies for attaining them;
- applying the best public sector management practices; and
- monitoring performance to ensure continuous progress toward goals.

The aim of SOAs is to give greater authority and scope to managers and employees to encourage initiative, enhance service, and reduce the cost of government. Service and management improvements are built on pride in the capabilities and dedication of the professional Civil Service. The ultimate success of SOAs depends on people and the enthusiasm they bring to the job.

SOAs exist along an organizational continuum between a government department and a Crown corporation. Candidates can be direct public services, internal services to government, science and technology services, or regulatory and enforcement programs. In addition to accounting fully for their operations, they must be dedicated to improving service quality and efficiency.

L'initiative des organismes de service spécial

Les organismes de service spécial (OSS) assurent un soutien logistique au sein du gouvernement, ont des responsabilités plus directes en ce qui concerne les résultats et une plus grande souplesse de gestion nécessaire pour atteindre de nouveaux niveaux de rendement. Moyennant une responsabilité accrue à l'égard de leur ministre et du gouvernement central, ils visent à améliorer la prestation des services :

- en veillant à ce que les activités soient clairement définies et bien comprises;
- en se fixant des objectifs de rendement élevés et en élaborant des stratégies pour les atteindre;
- en appliquant les meilleures pratiques de gestion du secteur public;
- en surveillant le rendement afin de garantir une progression continue vers les objectifs.

Les OSS ont pour but d'élargir le pouvoir et la portée des gestionnaires et des employés afin d'encourager l'initiative, d'améliorer les services et de réduire le coût de l'administration publique. L'amélioration des services et de la gestion repose sur la fierté des capacités et le dévouement d'une fonction publique professionnelle. Le succès des OSS dépend, en définitive, des personnes et de leur enthousiasme au travail.

Dans le continuum organisationnel, les OSS se situent entre les ministères et les sociétés d'État. Les candidats peuvent être des services publics directs, des services internes du gouvernement, des services scientifiques et technologiques ou des programmes de réglementation et d'application de la loi. En plus de rendre totalement compte de leurs activités, ils doivent constamment s'efforcer d'améliorer la qualité et l'efficacité du service.

The Fleet Vehicles Agency was established in 1992, as the first SOA in Manitoba and at the provincial level in Canada.

The Province continues to refine the SOA concept. Two new agencies were established on April 1, 2006 and one agency was dissolved.

- Land Management Services Agency was dissolved to form part of the new Crown Lands and Property Agency.
- Crown Lands and Property Agency reporting under the Department of Infrastructure and Transportation consolidates the Crown land transactions and processes previously conducted within several provincial government departments.
- Green Manitoba Eco Solutions reporting under the Department of Science, Technology, Energy and Mines will roll out new eco-solutions that work for Manitobans around energy efficiency, water conservation and waste reduction activities.

The complement of SOAs in operation during the fiscal year ended March 31, 2007 was seventeen, representing $149.8 million in business for government.

Special Operating Agencies in order of establishment:

Fleet Vehicles Agency
Materials Distribution Agency
Organization and Staff Development
Vital Statistics Agency
Civil Legal Services
Manitoba Education, Research and Learning Information Networks
Pineland Forest Nursery
Companies Office
Manitoba Text Book Bureau
Industrial Technology Centre
The Public Trustee
Office of the Fire Commissioner
Food Development Centre
The Property Registry
Manitoba Securities Commission
Crown Lands and Property Agency
Green Manitoba Eco Solutions

L'Organisme chargé des véhicules gouvernementaux, établi en 1992, a été le premier OSS créé au Manitoba et au palier provincial au Canada.

La province continue d'améliorer le concept des OSS. Deux nouveaux organismes ont été établis le 1er avril 2006 et un organisme a été dissous.

- Les Services de gestion foncière ont été dissous pour être inclus dans l'organisme Terres domaniales et acquisition foncière.
- Ce nouvel organisme, qui relève du ministère de l'Infrastructure et des Transports, regroupe les transactions et les activités relatives aux terres domaniales gérées antérieurement par plusieurs ministères du gouvernement provincial.
- L'organisme Manitoba vert — Solutions écologiques, qui relève du ministère des Sciences, de la Technologie, de l'Énergie et des Mines, propose de nouvelles solutions que les Manitobains et Manitobaines peuvent mettre en œuvre avec succès dans les domaines de l'efficacité énergétique, de la conservation des eaux et de la réduction des déchets.

Au cours de l'exercice terminé le 31 mars 2007, le Manitoba comptait dix-sept OSS qui représentaient 149,8 millions de dollars en chiffre d'affaires pour le gouvernement.

Liste des organismes de service spécial dans l'ordre où ils ont été établis :

Organisme chargé des véhicules gouvernementaux
Organisme chargé de la distribution du matériel
Organisme chargé du perfectionnement et de la formation
Bureau de l'état civil
Bureau du contentieux civil
Réseaux informatiques en apprentissage et en recherche pédagogique du Manitoba
Pépinière forestière Pineland
Office des compagnies
Centre des manuels scolaires du Manitoba
Centre de technologie industrielle
Curateur public
Bureau du commissaire aux incendies
Centre de développement de produits alimentaires
Office d'enregistrement des titres et des instruments
Commission des valeurs mobilières du Manitoba
Terres domaniales et acquisition foncière
Manitoba vert — Solutions écologiques

The Special Operating Agencies Financing Authority

The SOA Financing Authority was established April 1, 1992 under authority of ***The Special Operating Agencies Financing Authority Act.*** The Financing Authority and its Chairperson operate under the direction of the Minister of Finance. Treasury Board acts as the primary decision-making body, while the Department of Finance and Treasury Board Secretariat supply staff support.

The Financing Authority provides a mechanism for funding SOAs outside the parameters of the Consolidated Fund. It holds and acquires assets associated with SOA operations and finances SOAs through contributed equity, repayable loans, and working capital advances. This financial framework enables SOAs to operate in a business-like way within government policy expectations.

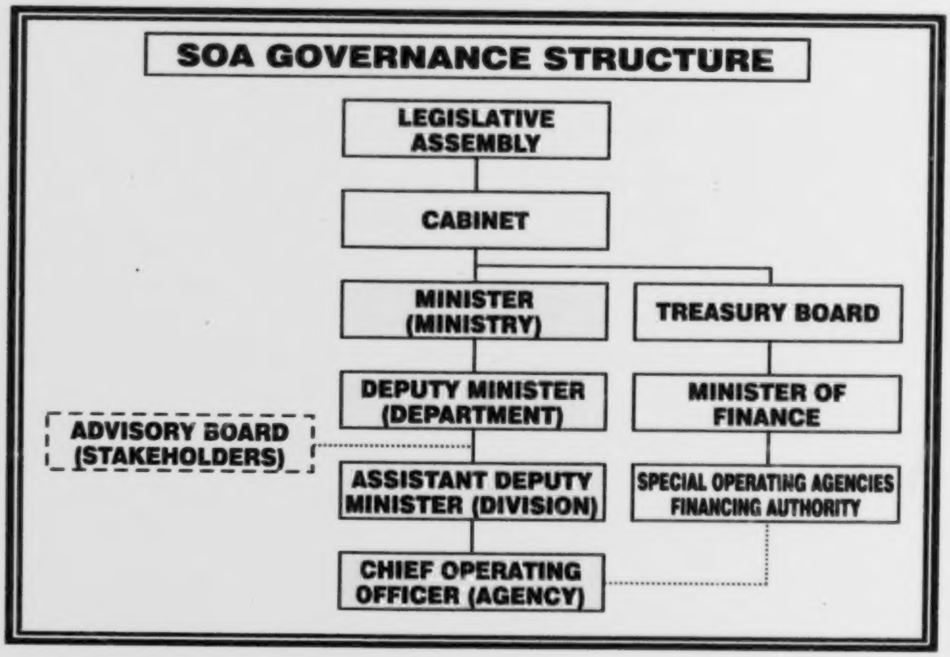
Each agency has an operating charter and management agreement that outlines its individual governance and administrative arrangements. Accountability is assured through annual business plans, audits, and reports forwarded through its advisory board to the Financing Authority. In turn, the Financing Authority is audited and submits an annual report on overall SOA operations to the Minister of Finance for tabling in the Legislature. The governance structure is depicted below.

L'Office de financement des organismes de service spécial

L'Office de financement des organismes de service spécial a été créé le 1er avril 1992 en vertu de la ***Loi sur l'Office de financement des organismes de service spécial.*** L'Office de financement et son président agissent sous la direction du ministre des Finances. Le Conseil du Trésor est le principal organe décisionnel, tandis que le ministère des Finances et le Secrétariat du Conseil du Trésor fournissent le personnel auxiliaire.

L'Office de financement permet de financer les OSS en dehors des paramètres du Trésor. Il détient et acquiert des actifs liés aux activités des OSS, qu'il finance par le biais de capitaux d'apport, de prêts remboursables et d'avances de fonds de roulement. Ce cadre financier permet aux OSS de fonctionner comme des entreprises tout en respectant les attentes politiques du gouvernement.

Chaque organisme a une charte et un accord de gestion qui exposent sa régie et les dispositions administratives le concernant. La responsabilité est assurée par des plans d'activités, des vérifications et des rapports annuels qui sont transmis à l'Office de financement par l'intermédiaire du conseil consultatif de chacun. L'Office de financement lui-même fait l'objet d'une vérification et remet un rapport annuel sur les activités globales des OSS au ministre des Finances, qui le dépose à l'Assemblée législative. La structure de régie est présentée ci-dessous.


SOA GOVERNANCE STRUCTURE
LEGISLATIVE ASSEMBLY
CABINET
MINISTER (MINISTRY)
TREASURY BOARD
DEPUTY MINISTER (DEPARTMENT)
MINISTER OF FINANCE
ADVISORY BOARD (STAKEHOLDERS)
ASSISTANT DEPUTY MINISTER (DIVISION)
SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
CHIEF OPERATING OFFICER (AGENCY)

The Chairperson of the Financing Authority is also the SOA Coordinator, who reports to the Manager of Fiscal Planning position in Treasury Board Secretariat. The mission is:

> *To provide corporate leadership, direction, and coordination of the Special Operating Agencies reform initiative, with a view to continuously improving the quality of management and services across the Manitoba Government.*

The position is responsible for coordinating the planning, design, implementation, and evaluation of SOAs.

The incumbent devotes time to the governance role as Chairperson and sole member comprising the Financing Authority. In this capacity, the incumbent oversees and manages the Financing Authority's affairs in compliance with statutory, policy, and management requirements. Much of this work concerns final approvals leading to start-up of new SOAs, as well as ongoing accountability requirements for established SOAs.

The Department of Finance and Treasury Board Secretariat provide for the Chairperson's/Coordinator's basic salary, benefits, and operating costs in support of this corporate initiative. In addition, SOAs are assessed an annual levy to fund identifiable expenses associated with Financing Authority operations. The levy is prorated against the Financing Authority's annual budget based on each SOA's projected gross revenue.

Le président de l'Office de financement est également coordonnateur des OSS et il relève du gestionnaire de la planification budgétaire du Secrétariat du Conseil du Trésor. Il a pour mission de :

> *Fournir une orientation, une coordination et un leadership généraux dans l'initiative de réforme des organismes de service spécial, l'objectif étant d'améliorer constamment la qualité de la gestion et des services dans tout le gouvernement du Manitoba.*

Le président est chargé de coordonner la planification, la conception, la mise en œuvre et l'évaluation des OSS.

Le titulaire consacre du temps au rôle de gestion en sa qualité de président et de membre unique de l'Office de financement. À ce titre, il supervise et gère les affaires de l'Office de financement conformément aux exigences réglementaires, politiques et de gestion. Une bonne partie de son travail concerne les approbations finales conduisant à la création de nouveaux OSS ainsi que les obligations redditionnelles des OSS existants.

Le ministère des Finances et le Secrétariat du Conseil du Trésor fournissent le salaire de base, les avantages sociaux et les coûts de fonctionnement du président/coordonnateur, en appui à cette initiative collective. De plus, une contribution annuelle est prélevée sur les OSS pour financer les dépenses identifiables liées aux activités de l'Office de financement. La contribution est calculée au prorata, par rapport au budget annuel de l'Office de financement, en se fondant sur le revenu brut prévisionnel des OSS.

2006/07 Operations

The operations of the Financing Authority for the fiscal year ended March 31, 2007 were limited to the operations and financial results of the seventeen SOAs. The auditors' opinions and related management reports are included with the agencies' financial statements as an appendix to this report.

Financial Highlights

- Transfer of $20,145,000 (2006 - $18,070,000) in designated surpluses to the Consolidated Fund on behalf of the Fleet Vehicles Agency ($1,500,000), Materials Distribution Agency ($400,000), Vital Statistics Agency ($180,000), Civil Legal Services ($200,000), Companies Office ($1,615,000), The Property Registry ($9,000,000), and Manitoba Securities Commission ($7,250,000).
- Aggregate authority of up to $25,070,000 (2006 - $21,370,000) in working capital advances at any one time, $8,502,000 (2006 - $7,853,000) of which was utilized at fiscal year-end.
- Increase of $4,564,000 (2006 - $3,705,000 increase) in the balance of retained earnings to $43,933,000 (2006 - $39,369,000).

Activités pendant l'exercice 2006-2007

Pendant l'exercice qui s'est terminé le 31 mars 2007, les activités de l'Office de financement se sont limitées aux activités et aux résultats financiers des dix-sept OSS. Les avis des vérificateurs et les rapports de gestion connexes sont joints aux états financiers des organismes en annexe au présent rapport.

Faits saillants financiers

- Transfert de 20 145 000 $ (2006 – 18 070 000 $), à titre de surplus désignés, au Trésor, au nom de l'Organisme chargé des véhicules gouvernementaux (1 500 000 $), de l'Organisme chargé de la distribution du matériel (400 000 $), du Bureau de l'état civil (180 000 $), du Bureau du contentieux civil (200 000 $), de l'Office des compagnies (1 615 000 $), de l'Office d'enregistrement des titres et des instruments (9 000 000 $) et de la Commission des valeurs mobilières du Manitoba (7 250 000 $).
- Pouvoir global de 25 070 000 $ (2006 – 21 370 000 $) en avances de fonds de roulement à tout moment, dont 8 502 000 $ (2006 – 7 853 000 $) avaient été utilisés à la fin de l'exercice.
- Augmentation de 4 564 000 $ (augmentation de 3 705 000 $ en 2006) du solde des bénéfices non répartis pour arriver à 43 933 000 $ (comparativement à 39 369 000 $ en 2006).

2006/07 Accomplishments

In the past year, the Chairperson/Coordinator:

- delivered briefings related to the SOA Initiative;
- prepared and issued the 2005/06 Financing Authority annual report;
- assisted new agencies the Crown Lands and Property Agency, and Green Manitoba Eco Solutions, effective April 1, 2006, in their first year of operations.
- contributed to the Treasury Board Secretariat business plan review process;
- contributed to the Information and Communication Technologies Restructuring Initiative; and
- contributed to the Summary Budgeting and Reporting exercise.

Réalisations pendant l'exercice 2006-2007

Au cours de l'année écoulée, le président/coordonnateur :

- a présenté des séances d'information ayant trait à l'initiative des organismes de service spécial;
- a préparé et publié le rapport annuel 2005-2006 de l'Office de financement;
- a aidé les nouveaux organismes, soit Terres domaniales et acquisition foncière et Manitoba vert – Solutions écologiques, pendant leur première année d'activités, à partir du 1er avril 2006;
- a participé au processus d'examen des plans d'affaires par le Secrétariat du Conseil du Trésor;
- a contribué à l'Initiative de restructuration des technologies de l'information et des communications; et
- a contribué à la production d'états récapitulatifs et de budgets sommaires.

Agency Results

Below are combined financial results of the agencies and a few key performance results from the individual agencies. Please consult the individual agencies' 2006/07 annual report for details.

Combined financial results:

- 4.8% ($6.8 million) growth in revenues from 2005/06
- 14.4% ($3.1 million) increase in net income from 2005/06.
- 6.0% ($7.4 million) growth in assets as compared to 2005/06

Private sector economic development:

- Since 1996, the Industrial Technology Centre has saved/maintained 6,533 jobs
- $190.0 million impact on private sector salaries, sales, R&D, cost-savings, and investment through 2006/07 by the Industrial Technology Centre

Improved service:

- 48% of the Companies Office customers filed name registrations on-line, up from 43% in the prior year.
- $1.0 million in cost-savings to the education sector for audio conferencing and software licensing provided by MERLIN in 2006/07 up from $0.4 million in 2005/06.

The following pages summarize the financial operations of the seventeen SOAs during the 2006/07 fiscal year. Please consult the agencies' 2006/07 annual reports for details.

Résultats des organismes

Les résultats financiers combinés des organismes et quelques résultats de rendement clés de chacun des organismes sont présentés ci-dessous. Pour plus de détails, veuillez consulter le rapport annuel de chaque organisme pour l'exercice 2006-2007.

Résultats financiers combinés :

- 4,8 % (6,8 millions de dollars) de croissance des recettes par rapport à l'exercice 2005-2006;
- 14,4 % (3,1 millions de dollars) d'augmentation du résultat net par rapport à l'exercice 2005-2006;
- 6,0 % (7,4 millions de dollars) de croissance de l'actif par rapport à l'exercice 2005-2006.

Développement économique du secteur privé :

- 6 533 emplois sauves/maintenus par le Centre de technologie industrielle depuis 1996;
- 190,0 millions de dollars de retombées sur le secteur privé sous forme de salaires, de ventes, de recherche et développement, d'économies et d'investissements pendant l'exercice 2006-2007, grâce au Centre de technologie industrielle.

Amélioration du service :

- 48 % des clients de l'Office des compagnies ont enregistré en ligne un nom d'entreprise, soit une augmentation de 43 % par rapport à l'exercice précédent;
- 1,0 million de dollars d'économies pour le secteur de l'éducation pour les conférences téléphoniques et les permis d'utilisation de logiciels fournis par MERLIN en 2006-2007, soit une augmentation de 0,4 million de dollars par rapport à l'exercice 2005-2006.

Les pages suivantes résument les opérations financières des dix-sept OSS durant l'exercice 2006-2007. Pour plus de détails, veuillez consulter les rapports annuels des organismes pour l'exercice 2006-2007.

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)		
				Actual Réels	Budget Budget
Fleet Vehicles Agency 1992/93	Infrastructure and Transportation	Al Franchuk Chief Operating Officer 626 Henry Avenue Winnipeg, MB R3A 1P7 (204) 945-3680 (204) 957-1109 (fax) Al.Franchuk@gov.mb.ca www.fva.gov.mb.ca French Language Services: Jean-Michel Serceau (204) 945-0655 JeanMichel.Serceau@gov.mb.ca	Revenue	37,145	36,293
			Expenses	(34,075)	(34,536)
			Net Income (Loss)	3,070	1,757
			Revenue Sharing	(1,500)	(1,500)
			Retained Earnings	16,029	14,716
Organisme chargé des véhicules gouvernementaux 1992-1993	Infrastructure et Transports	Al Franchuk Chef de l'exploitation 626, avenue Henry Winnipeg (Manitoba) R3A 1P7 204 945-3680 204 957-1109 (télécopieur) Al.Franchuk@gov.mb.ca www.fva.gov.mb.ca Services en français : Jean-Michel Serceau 204 945-0655 JeanMichel.Serceau@gov.mb.ca	Recettes	37 145	36 293
			Dépenses	(34 075)	(34 536)
			Résultat net (Perte)	3 070	1 757
			Partage des recettes	(1 500)	(1 500)
			Bénéfices non répartis	16 029	14 716
Materials Distribution Agency 1993/94	Infrastructure and Transportation	Susan Boulter Chief Operating Officer #7 – 1715 St. James Street Winnipeg, MB R3H 1H3 (204) 945-6043 (204) 948-2737 (fax) Susan.Boulter@gov.mb.ca French Language Services: Peter Roberts (204) 945-0391 Peter.Roberts@gov.mb.ca	Revenue	21,969	21 207
			Expenses	(22,143)	(20 881)
			Net Income (Loss)	(174)	326
			Revenue Sharing	(400)	(400)
			Retained Earnings	2,988	3 563
Organisme chargé de la distribution du matériel 1993-1994	Infrastructure et Transports	Susan Boulter Chef de l'exploitation 1715, rue St. James, bureau 7 Winnipeg (Manitoba) R3H 1H3 204 945-6043 204 948-2737 (télécopieur) Susan.Boulter@gov.mb.ca Services en français : Peter Roberts 204 945-0391 Peter.Roberts@gov.mb.ca	Recettes	21 969	21 207
			Dépenses	(22 143)	(20 881)
			Résultat net (Perte)	(174)	326
			Partage des recettes	(400)	(400)
			Bénéfices non répartis	2 988	3 563

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)		
				Actual Réels	Budget Budget
Organization and Staff Development **1994/95**	Civil Service Commission	Diane Kristjansson Director 935 - 155 Carlton Street Winnipeg, MB R3C 3H8 (204) 945-4865 (204) 948-2165 (fax) Diane.Kristjansson@gov.mb.ca www.gov.mb.ca/csc/osd French Language Services: Diane Netzel (204) 945-2276 Diane.Netzel@gov.mb.ca	Revenue Expenses Net Income (Loss) Retained Earnings	1,896 (1,627) 269 730	1,503 (1,378) 125 586
Organisme chargé du perfectionnement et de la formation **1994-1995**	Commission de la fonction publique	Diane Kristjansson Directrice 155, rue Carlton, bureau 935 Winnipeg (Manitoba) R3C 3H8 204 945-4865 204 948-2165 (télécopieur) Diane.Kristjansson@gov.mb.ca www.gov.mb.ca/csc/osd Services en français : Diane Netzel 204 945-2276 Diane.netzel@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Bénéfices non répartis	1 896 (1 627) 269 730	1 503 (1 378) 125 586
Vital Statistics Agency **1994/95**	Finance	Caroline Kaus Director 254 Portage Avenue Winnipeg, MB R3C 0B6 (204) 945-8178 (204) 945-0424 (fax) Caroline.Kaus@gov.mb.ca French Language Services: Doreen Payette (204) 945-5500 Doreen.Payette@gov.mb.ca	Revenue Expenses Net Income (Loss) Revenue Sharing Retained Earnings	3,358 (2,812) 546 (180) 1,434	3,012 (2,893) 119 (180) 849
Bureau de l'état civil **1994-1995**	Finances	Caroline Kaus Directrice 254, avenue Portage Winnipeg (Manitoba) R3C 0B6 204 945-8178 204 945-0424 (télécopieur) Caroline.Kaus@gov.mb.ca Services en français : Doreen Payette 204 945-5500 Doreen.Payette@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Partage des recettes Bénéfices non répartis	3 358 (2 812) 546 (180) 1 434	3 012 (2 893) 119 (180) 849

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)		
				Actual Réels	Budget Budget
Civil Legal Services 1995/96	Justice	C. Lynn Romeo Director 730 - 405 Broadway Winnipeg, MB R3C 3L6 (204) 945-2845 (204) 948-2041 (fax) Lynn.Romeo@gov.mb.ca French Language Services: T. David Gisser (204) 945-0243 David.Gisser@gov.mb.ca	Revenue Expenses Net Income (Loss) Revenue Sharing Retained Earnings	5,218 (5,202) 16 (200) 729	5,558 (5,424) 134 (200) 825
Bureau du contentieux civil 1995-1996	Justice	C. Lynn Romeo Directrice 405, Broadway, bureau 730 Winnipeg (Manitoba) R3C 3L6 204 945-2845 204 948-2041 (télécopieur) Lynn.Romeo@gov.mb.ca Services en français : T. David Gisser 204 945-0243 David.Gisser@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Partage des recettes Bénéfices non répartis	5 218 (5 202) 16 (200) 729	5 558 (5 424) 134 (200) 825
Manitoba Education, Research and Learning Information Networks (MERLIN) 1995/96	Science, Technology, Energy, & Mines	Greg Baylis Chief Operating Officer 100 – 135 Innovation Drive Winnipeg, MB R3T 6A8 (204) 474-7800 (204) 474-7830 (fax) gbaylis@merlin.mb.ca www.merlin.mb.ca French Language Services: Colette Lafond-D'Heilly (204) 474-7805 cdheilly@merlin.mb.ca	Revenue Expenses Net Income (Loss) Accumulated Deficit	3,139 (2,825) 314 (1)	2,803 (2,779) 24 (291)
Réseaux informatiques en apprentissage et en recherche pédagogique du Manitoba (MERLIN) 1995-1996	Sciences, Technologie, Énergie et Mines	Greg Baylis Chef de l'exploitation 135, chemin Innovation, bureau 100 Winnipeg (Manitoba) R3T 6A8 204 474-7800 204 474-7830 (télécopieur) gbaylis@merlin.mb.ca www.merlin.mb.ca Services en français : Colette Lafond-D'Heilly 204 474-7805 cdheilly@merlin.mb.ca	Recettes Dépenses Résultat net (Perte) Déficit accumulé	3 139 (2 825) 314 (1)	2 803 (2 779) 24 (291)

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)	Actual Réels	Budget Budget
Pineland Forest Nursery 1995/96	Conservation	Trevor Stanley General Manager Box 45 Hadashville, MB R0E 0X0 (204) 426-5235 (204) 426-2106 (fax) Trevor.Stanley@gov.mb.ca www.pinelandforestnursery.com French Language Services: Gail Cielen (204) 945-4170 Gail.Cielen@gov.mb.ca	Revenue	2,594	2,814
			Expenses	(2,758)	(3,050)
			Net Income (Loss)	(164)	(236)
			Retained Earnings	(103)	37
Pépinière forestière Pineland 1995-1996	Conservation	Trevor Stanley Directeur général B.P. 45 Hadashville (Manitoba) R0E 0X0 204 426-5235 204 426-2106 (télécopieur) Trevor.Stanley@gov.mb.ca www.pinelandforestnursery.com Services en français : Gail Cielen 204 945-4170 Gail.Cielen@gov.mb.ca	Recettes	2 594	2 814
			Dépenses	(2 758)	(3 050)
			Résultat net (Perte)	(164)	(236)
			Bénéfices non répartis	(103)	37
Companies Office 1996/97	Finance	Myron Pawlowsky Chief Operating Officer 1010 - 405 Broadway Winnipeg, MB R3C 3L6 (204) 945-4206 (204) 945-1459 (fax) Myron.Pawlowsky@gov.mb.ca http://companiesoffice.gov.mb.ca/index.html French Language Services: Lorraine Lagimodiere (204) 945-2500 Lorraine.Lagimodiere@gov.mb.ca	Revenue	6,265	5,654
			Expenses	(4,080)	(4,331)
			Net Income (Loss)	2,185	1,323
			Revenue Sharing	(1,615)	(1,615)
			Retained Earnings	2,775	1,061
Office des compagnies 1996-1997	Finances	Myron Pawlowsky Chef des opérations 405, Broadway, bureau 1010 Winnipeg (Manitoba) R3C 3L6 204 945-4206 204 945-1459 (télécopieur) Myron.Pawlowsky@gov.mb.ca http://companiesoffice.gov.mb.ca/index.fr.html Services en français : Lorraine Lagimodiere 204 945-2500 Lorraine.Lagimodiere@gov.mb.ca	Recettes	6 265	5 654
			Dépenses	(4 080)	(4 331)
			Résultat net (Perte)	2 185	1 323
			Partage des recettes	(1 615)	(1 615)
			Bénéfices non répartis	2 775	1 061

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)	Actual Réels	Budget Budget
Manitoba Text Book Bureau 1996/97	Education, Citizenship and Youth	Brenda McKinny Chief Operating Officer 130 - 1st Avenue West P.O. Box 910 Souris, MB R0X 2C0 (204) 483-5035 (204) 483-5041 (fax) Brenda.Mckinny@gov.mb.ca www.mtbb.mb.ca French Language Services: Paulette Tasker (204) 483-5034 Paulette.Tasker@gov.mb.ca	Revenue	8,138	7,837
			Expenses	(8,120)	(7,836)
			Net Income (Loss)	18	(1)
			Retained Earnings	197	139
Centre des manuels scolaires du Manitoba 1996-1997	Éducation, Citoyenneté et Jeunesse	Brenda McKinny Chef de l'exploitation 130, 1re Avenue Ouest B.P. 910 Souris (Manitoba) R0X 2C0 204 483-5035 204 483-5041 (télécopieur) Brenda.Mckinny@gov.mb.ca www.mtbb.mb.ca Services en français : Paulette Tasker 204 483-5034 Paulette.Tasker@gov.mb.ca	Recettes	8 138	7 837
			Dépenses	(8 120)	(7 836)
			Résultat net (Perte)	18	(1)
			Bénéfices non répartis	197	139
Industrial Technology Centre 1996/97	Science, Technology, Energy and Mines	Trevor Cornell Chief Operating Officer 200 – 78 Innovation Drive Winnipeg, MB R3T 6C2 (204) 480-3333 (204) 480-0345 (fax) tcornell@itc.mb.ca www.itc.mb.ca French Language Services: Trevor Cornell (above)	Revenue	2,360	2,340
			Expenses	(2,496)	(2,383)
			Net Income (Loss)	(136)	(43)
			Retained Earnings	428	521
Centre de technologie industrielle 1996-1997	Sciences, Technologie, Énergie et Mines	Trevor Cornell Chef de l'exploitation 78, chemin Innovation, bureau 200 Winnipeg (Manitoba) R3T 6C2 204 480-3333 204 480-0345 (télécopieur) tcornell@itc.mb.ca www.itc.mb.ca Services en français : Trevor Cornell (ci-dessus)	Recettes	2 360	2 340
			Dépenses	(2 496)	(2 383)
			Résultat net (Perte)	(136)	(43)
			Bénéfices non répartis	428	521

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)		
				Actual Réels	Budget Budget
The Public Trustee 1996/97	Justice	Joanna Knowlton Public Trustee 155 Carlton Street Suite 500 Winnipeg, MB R3C 5R9 (204) 945-0292 (204) 948-2997(fax) Joanna.Knowlton@gov.mb.ca French Language Services: Suzanne Lavallee (204) 945-8411 Suzanne.Lavallee@gov.mb.ca	Revenue Expenses Net Income (Loss) Retained Earnings Reserves	5,358 (5,428) (70) 1,626 500	5,573 (5,494) 79 2,275 500
Curateur public 1996-1997	Justice	Joanna Knowlton Curatrice publique 155, rue Carlton, bureau 500 Winnipeg (Manitoba) R3C 5R9 204 945-0292 204 948-2997 (télécopieur) Joanna.Knowlton@gov.mb.ca Services en français : Suzanne Lavallee 204 945-8411 Suzanne.Lavallee@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Bénéfices non répartis/réserves	5 358 (5 428) (70) 1 626 500	5 573 (5 494) 79 2 275 500
Office of the Fire Commissioner 1996/97	Labour and Immigration	Doug Popowich Fire Commissioner c/o 508 - 401 York Avenue Winnipeg, MB R3C 0P8 (204) 945-3322 / 726-6855 (204) 948-2089 (fax) Doug.Popowich@gov.mb.ca French Language Services: Karmel Chartrand (204) 945-5711 Karmel.Chartrand@gov.mb.ca	Revenue Expenses Net Income (Loss) Revenue Sharing Retained Earnings Reserves	8,830 (8,167) 663 - 854 25	8,014 (8,003) 11 - 216 -
Bureau du commissaire aux incendies 1996-1997	Travail et Immigration	Doug Popowich Commissaire aux incendies 401, avenue York, bureau 508 Winnipeg (Manitoba) R3C 0P8 204 945-3322 / 726-6855 204 948-2089 (télécopieur) Doug.Popowich@gov.mb.ca Services en français : Karmel Chartrand 204 945-5711 Karmel.Chartrand@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Partage des recettes Bénéfices non répartis réserves	8 830 (8 167) 663 - 854 25	8 014 (8 003) 11 - 216 -

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)	Actual Réels	Budget Budget
Food Development Centre **1996/97**	Agriculture, Food and Rural Initiatives	Mike Lalla Manager Support Services Box 1240 - 810 Phillips Street Portage la Prairie, MB R1N 3J9 (204) 871-5152 (204) 239-3180 (fax) Mike.Lalla@gov.mb.ca www.gov.mb.ca/agriculture/fdc/index.html French Language Services: Alphonsus Utioh (204) 239-3179 Alphonsus.Utioh@gov.mb.ca	Revenue Expenses Net Income (Loss) Retained Earnings (Deficit)	3,905 (3,516) 389 378	2,884 (3,283) (399) (167)
Centre de développement de produits alimentaires **1996-1997**	Agriculture, Alimentation et Initiatives rurales	Mike Lalla Directeur des services de soutien 810, rue Phillips B.P. 1240 Portage-la-Prairie (Manitoba) R1N 3J9 204 871-5152 204 239-3180 (télécopieur) Mike.Lalla@gov.mb.ca www.gov.mb.ca/agriculture/fdc/index.html Services en français : Alphonsus Utioh 204 239-3179 Alphonsus.Utioh@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Bénéfices non répartis (Déficit)	3 905 (3 516) 389 378	2 884 (3 283) (399) (167)
The Property Registry **1997/98**	Finance	Rick Wilson Registrar General 14th Floor, 405 Broadway Winnipeg, MB R3C 3L6 (204) 945-2243 (204) 948-3276 (fax) Richard.Wilson@gov.mb.ca www.gov.mb.ca/tpr/landtitles.html www.gov.mb.ca/tpr/ppr.html French Language Services: Guy Bilodeau (204) 945-6241 Guy.Bilodeau@gov.mb.ca Lee Crierie (204) 945-2042 Lee.Crierie@gov.mb.ca Elizabeth Sims (204) 476-2106 Elizabeth.Sims@gov.mb.ca	Revenue Expenses Net Income (Loss) Revenue Sharing Retained Earnings	23,120 (13,211) 9,909 (9,000) 11,868	19,887 (15,272) 4,615 (9,000) 3,146
Office d'enregistrement des titres et des instruments **1997-1998**	Finances	Rick Wilson Registraire général 405, Broadway, 14e étage Winnipeg (Manitoba) R3C 3L6 204 945-2243 204 948-3276 (télécopieur) Richard.Wilson@gov.mb.ca www.gov.mb.ca/tpr/landtitles.fr.html www.gov.mb.ca/tpr/ppr.fr.html Services en français : Guy Bilodeau (204) 945-6241 Guy.Bilodeau@gov.mb.ca Lee Crierie (204) 945-2042 Lee.Crierie@gov.mb.ca Elizabeth Sims (204) 476-2106 Elizabeth.Sims@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Partage des recettes Bénéfices non répartis	23 120 (13 211) 9 909 (9 000) 11 868	19 887 (15 272) 4 615 (9 000) 3 146

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)		
				Actual Réels	Budget Budget
Manitoba Securities Commission **1999/2000**	Finance	Don Murray Chairman 500 - 400 St. Mary Avenue Winnipeg, MB R3C 4K5 (204) 945-2548 (204) 945-0330 (fax) Don.Murray@gov.mb.ca www.msc.gov.mb.ca French Language Services: Teresa Sigurdson (204) 945-2548 Teresa.Sigurdson@gov.mb.ca	Revenue Expenses Net Income (Loss) Revenue Sharing Retained Earnings Reserves	11,913 (3,473) 8,440 (7,250) 4,547 750	9,900 (3,909) 5,991 (7,250) 192 750
Commission des valeurs mobilières du Manitoba **1999-2000**	Finances	Don Murray President 400, avenue St. Mary, bureau 500 Winnipeg (Manitoba) R3C 4K5 204 945-2548 204 945-0330 (télécopieur) Don.Murray@gov.mb.ca www.msc.gov.mb.ca Services en français : Teresa Sigurdson 204 945-2548 Teresa.Sigurdson@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Partage des recettes Bénéfices non répartis/réserves	11 913 (3 473) 8 440 (7 250) 4 547 750	9 900 (3 909) 5 991 (7 250) 192 750
Crown Lands and Propery Agency **2006/07**	Infrastructure and Transportation	Michal Kubasiewicz Chief Operating Officer 308 – 25 Tupper Street North Portage la Prairie, MB R1N 3K1 (204) 239-3561 (204) 239-3560 (Fax) Michal.Kubasiewicz@gov.mb.ca www.landmgmt.gov.mb.ca French Language Services: Diane Dureault (204) 867-6562 Diane.Dureault@gov.mb.ca	Revenue Expenses Net Income (Loss) Revenue Sharing Accumulated Deficit	3,012 (3,400) (388) - (398)	4,584 (4,648) (64) (250) (308)
Terres domaniales et acquisition foncière **2006-2007**	Infrastructure et Transports	Michal Kubasiewicz Chef de l'exploitation 25, rue Tupper Nord, bureau 308 Portage-la-Prairie (Manitoba) R1N 3K1 204 239-3561 204 239-3560 (télécopieur) Michal.Kubasiewicz@gov.mb.ca www.landmgmt.gov.mb.ca Services en français : Diane Dureault 204 867-6562 Diane.Dureault@gov.mb.ca	Recettes Dépenses Résultat net (Perte) Partage des recettes Déficit accumulé	3 012 (3 400) (388) - (398)	4 584 (4 648) (64) (250) (308)

SOA OSS	Department Ministère	Contacts Personnes-ressources	2006/07 Financial Results ($000) Résultats financiers en 2006-2007 (en milliers de dollars)		
				Actual Réels	Budget Budget
Green Manitoba Eco Solutions 2006/07	Science, Techology, Energy and Mines	Jim Bakken Chief Operating Officer 270 Osborne Street N Winnipeg, MB R3C 1V7 (204) 945-7808 (204) 948-3389 (fax) Jim.Bakken@gov.mb.ca www.greenmanitoba.ca French Language Services: Shoni Litinsky (204) 945-8151 Shoni.Litinsky@gov.mb.ca	Revenue	1,568	1,210
			Expenses	(1,723)	(1,771)
			Net Income (Loss)	(155)	(561)
			Retained Earnings (Deficit)	(155)	(561)
Manitoba vert – Solutions écologiques 2006-2007	Sciences, Technologie, Énergie et Mines	Jim Bakken Chef de l'exploitation 270, rue Osborne Nord Winnipeg (Manitoba) R3C 1V7 (204) 945-7808 (204) 948-3389 (télécopieur) Jim.Bakken@gov.mb.ca www.greenmanitoba.ca Services en français : Shoni Litinsky (204) 945-8151 Shoni.Litinsky@gov.mb.ca	Recettes	1 568	1 210
			Dépenses	(1 723)	(1 771)
			Résultat net (Perte)	(155)	(561)
			Bénéfices non répartis (Déficit)	(155)	(561)

Special Operating Agencies Financing Authority

Financial Statements

March 31, 2007

Management Report

The accompanying financial statements are the responsibility of the management of the Special Operating Agencies Financing Authority and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to July 16, 2007.

Management maintains internal controls to properly safeguard the Financing Authority's assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the Auditor General is to express an independent opinion on whether the financial statements of the Financing Authority are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Lynn Cowley

Lynn Cowley
Chairperson
Special Operating Agencies Financing Authority

July 16, 2007.

AUDITOR GENERAL

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Member of the Special Operating Agencies Financing Authority

We have audited the combined balance sheet of the Special Operating Agencies Financing Authority at March 31, 2007 and the combined statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2007 and results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
July 16, 2007

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Balance Sheet
(In Thousands)

March 31	2007	2006
Assets		
Current:		
Cash and Term deposits with the Minister of Finance	$ 32,116	$ 28,917
Customer deposits	1,352	1,271
Accounts receivable (Note 3)	12,540	11,659
Inventories	4,881	4,614
Prepaid expenses	3,154	2,674
	54,043	49,135
Trust assets	12	12
Restricted short-term deposits (Note 4)	750	750
Deposit in joint venture (Note 5)	200	200
Capital assets (Note 6)	70,376	68,222
Receivable from the Province of Manitoba (Note 7)	5,469	5,123
	$ 130,850	$ 123,442
Liabilities		
Current:		
Working capital advances (Note 8)	$ 8,502	$ 7,853
Accounts payable and accruals	12,757	11,788
Unearned revenue	4,624	4,085
Current portion - capital lease obligations	-	7
Current portion - long-term debt (Note 10)	6,992	6,460
	32,875	30,193
Trust liabilities	12	12
Unearned revenue	665	786
Deferred Capital Contributions (Note 9)	9,256	9,275
Long-term debt - Province of Manitoba (Note 10)	19,511	19,549
Severance liability (Note 12)	5,286	4,980
	67,605	64,795
Equity		
Contributed equity (Note 13)	17,837	17,828
Reserve funds (Note 14)	1,475	1,450
Retained earnings (Note 13)	43,933	39,369
	63,245	58,647
	$ 130,850	$ 123,442

Commitments (Note 15)

See accompanying notes to the financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Statement of Income and Retained Earnings
(In Thousands)

Year Ended March 31	2007	2006
Revenue		
Annual levy	$ 14	$ 13
Treasury Board Secretariat/Finance contribution	101	108
	115	121
Expenses		
Salaries and benefits	84	91
Other operating	29	29
	113	120
Financing Authority operations	2	1
Special Operating Agency operations – net income (loss)		
Civil Legal Services	16	456
Companies Office	2,185	2,076
Crown Lands and Property Agency (Note 1)	(388)	(161)
Fleet Vehicles Agency	3,070	2,595
Food Development Centre	389	(318)
Green Manitoba Eco Solutions (Note 1)	(155)	-
Industrial Technology Centre	(136)	(283)
MERLIN	314	42
Manitoba Securities Commission	8,440	7,089
Manitoba Text Book Bureau	18	77
Materials Distribution Agency	(174)	(14)
Office of the Fire Commissioner	663	329
Organization and Staff Development	269	100
Pineland Forest Nursery	(164)	(171)
The Property Registry	9,909	9,257
The Public Trustee	(70)	303
Vital Statistics Agency	546	247
Net income for the year	24,734	21,625
Retained earnings, beginning of year	39,369	35,664
Transfer from (to) Reserve Funds (Note 14)	(25)	150
Transfer of surplus funds to the Province of Manitoba		
Civil Legal Services	(200)	(250)
Companies Office	(1,615)	(1,615)
Fleet Vehicles Agency	(1,500)	(1,500)
Crown Lands and Property Agency	-	(250)
Manitoba Securities Commission	(7,250)	(7,000)
Materials Distribution Agency	(400)	(400)
The Property Registry	(9,000)	(6,915)
Vital Statistics Agency	(180)	(140)
	(20,145)	(18,070)
Retained earnings, end of year	$43,933	$39,369

See accompanying notes to the financial statements.

Special Operating Agencies Financing Authority
Province of Manitoba
Combined Statement of Cash Flows
(In Thousands)

Year Ended March 31	2007	2006
Cash derived from (applied to):		
Operating		
Net income	$ 24,734	$ 21,625
Amortization	13,487	13,130
Amortization of deferred capital contributions	(590)	(554)
Gain on disposal of capital assets	(546)	(558)
	37,085	33,643
Change in:		
Customer deposit accounts	(81)	(91)
Accounts receivable	(881)	(419)
Inventories	(267)	165
Prepaid expenses	(480)	(136)
Accounts payable and accruals	969	(2,485)
Severance liability	306	301
Unearned revenue	418	609
Cash derived from operating activities	37,069	31,587
Investing		
Proceeds from disposal of capital assets	2,125	1,915
Acquisition of capital assets	(17,220)	(18,186)
Transfer from restricted short-term deposits	-	250
Cash applied to investing activities	(15,095)	(16,021)
Financing		
Change in Receivable from the Province of Manitoba	(346)	-
Proceeds from long-term debt	7,060	9,772
Long-term debt repayments	(6,566)	(6,416)
Capital lease obligations	(7)	(70)
Transfer of surplus funds	(20,145)	(18,070)
Change in deferred capital contributions	571	1,568
Change in contributed equity	9	-
Cash applied to financing activities	(19,424)	(13,216)
Increase in cash and cash equivalents	2,550	2,350
Cash and cash equivalents:		
Beginning of year	21,064	18,714
End of year	$ 23,614	$ 21,064
Represented by:		
Cash and Term deposits with the Minister of Finance	$ 32,116	$ 28,917
Working capital advances	(8,502)	(7,853)
	$ 23,614	$ 21,064

See accompanying notes to the financial statements.

1. Nature of organization

The Special Operating Agencies Financing Authority (the "Financing Authority") is a body corporate established effective April 1, 1992 under ***The Special Operating Agencies Financing Authority Act***. Under the direction of the Minister of Finance, the Financing Authority consists of the Chairperson as its sole member and receives staff support from the Department of Finance.

The Financing Authority provides a mechanism for funding Special Operating Agencies (SOAs) that operate outside the Consolidated Fund. It functions as a non-operating holding company, with the mandate to hold and acquire assets required for and resulting from SOA operations. It finances SOAs through contributed equity, repayable loans, and working capital advances. This financial framework enables SOAs to operate in a business-like manner within government policy expectations.

SOAs are designated by regulation under the Act and operate under a charter approved by the Lieutenant Governor in Council. A management agreement between the Financing Authority and the Minister responsible for each SOA assigns responsibility to the agency to manage and account for SOA-related assets and operations on behalf of the Financing Authority. SOAs remain accountable to their Minister for the results they achieve with the authority and resources granted.

The Financing Authority is economically dependent on the Province of Manitoba. Currently, the Financing Authority derives most of its revenue and all of its capital financing requirements from the Province.

Effective April 1, 2006, the Province of Manitoba approved the establishment of a special operating agency known as the Crown Lands and Property Agency subject to the dissolution of Land Management Services (a special operating agency created April 1, 1995 through the designation of the former Land Acquisition Branch) of the Department of Infrastructure and Transportation; and consolidation of the Land Acquisition Branch with the Lands Branch, the Park Districts Records Unit and Agricultural Crown Lands Program of the Department of Infrastructure and Transportation.

Further, the Province of Manitoba approved special operating agency status effective April 1, 2006 for Green Manitoba Eco Solutions (formerly a program of the Department of Energy, Science and Technology), which reports under the Department of Science, Technology, Energy and Mines.

SOAs in operation during the fiscal year ended March 31, 2007 were as follows:

Civil Legal Services, Department of Justice
Companies Office, Department of Finance
Crown Lands and Property Agency, Department of Infrastructure and Transportation
Fleet Vehicles Agency, Department of Infrastructure and Transportation
Food Development Centre, Department of Agriculture, Food and Rural Initiatives
Green Manitoba Eco Solutions, Department of Science, Technology, Energy and Mines
Industrial Technology Centre, Department of Science, Technology, Energy and Mines
Manitoba Education, Research and Learning Information Networks (MERLIN), Department of Science, Technology, Energy and Mines

1. Nature of organization (continued)

Manitoba Securities Commission, Department of Finance
Manitoba Text Book Bureau, Department of Education, Citizenship and Youth
Materials Distribution Agency, Department of Infrastructure and Transportation
Office of the Fire Commissioner, Department of Labour and Immigration
Organization and Staff Development, Civil Service Commission
Pineland Forest Nursery, Department of Conservation
The Property Registry, Department of Finance
The Public Trustee, Department of Justice
Vital Statistics Agency, Department of Finance.

2. Significant accounting policies

The financial statements of the Financing Authority are presented in accordance with Canadian generally accepted accounting principles.

Basis of reporting

The financial statements of the Financing Authority reflect the financial position and operating results of SOAs currently governed by management agreements with the Financing Authority. These statements are presented on a combined basis. Therefore, inter-agency balances and transactions have not been eliminated.

The following policies apply to the Financing Authority, as well as to all agencies combined herein.

Amortization of capital assets

Vehicles, fire engines	30%, declining balance
Vehicles (signed lease agreement)	straight line over term of lease
Equipment and furniture	6 2/3% - 20%, straight line 20% - 30%, declining balance
Computer equipment and software	20%, straight line 20%, declining balance
Rental equipment (Materials Distribution Agency)	2, 3, or 5 years, straight line
Buildings	15 - 40 years, straight line 10%, declining balance
Practical training site (Office of the Fire Commissioner)	20 years, straight line
Leasehold improvements	5 - 10 years, straight line
Other assets	5 - 10 years, straight line

2. Significant accounting policies (continued)

Inventories

Inventories are valued at the lower of cost and net realizable value.

Financial Instruments

The carrying amounts of the current assets and liabilities are reasonable estimates of their fair value because of the short-term maturity of these instruments.

Administrative expenses paid by the Province of Manitoba

The Treasury Board Secretariat / Finance contribution covers salaries and benefits and certain operating expenses, paid by the Province of Manitoba on behalf of the Financing Authority.

Use of estimates

In the preparation of the Financing Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual amounts could differ from these estimates.

3. Accounts receivable

	2007	2006
Trade	$11,059	$11,054
Insurance agency rebate	466	420
Other	1,015	185
	$12,540	$11,659

The trade receivables are mostly due from the Province of Manitoba.

The insurance agency rebate is for discounts receivable by the Fleet Vehicles Agency from the Manitoba Public Insurance Corporation based on favourable claims experience for the Province's vehicle fleet in the previous insurance year.

4. Restricted short-term deposits

The Manitoba Securities Commission maintains separate short-term deposits with the Province of Manitoba to fund expenses which may arise with respect to the Reserve Fund (Note 14b).

5. Deposit in joint venture

During the 2004/05 fiscal year, the Food Development Centre contributed $200 towards the purchase of a piece of equipment for Great Plains Aseptic Processors Ltd. To date, no formal agreement has been finalized as to the revenue sharing arrangement from this piece of equipment.

6. Capital assets

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Vehicles, fire engines	$ 91,821	$42,545	$49,276	$47,121
Equipment and furniture	14,480	8,601	5,879	5,368
Rental equipment	4,311	3,210	1,101	857
Computer equipment and software	5,278	3,792	1,486	1,473
Buildings	14,626	4,771	9,855	10,169
Practical training site	2,244	921	1,323	1,428
Leasehold improvements	2,328	1,504	824	1,009
Other assets	2,817	2,185	632	797
	$137,905	$67,529	$70,376	$68,222

7. Receivable from the Province of Manitoba

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of certain agencies prior to their designation as SOAs. It also includes severance pay benefits earned by SOA employees to March 31, 1998; the benefits accumulated by the employees of the Manitoba Securities Commission prior to March 31, 1999; and the benefits earned by certain employees of the Crown Lands and Property Agency prior to March 31, 2006.

The balance is comprised of:

	2007	2006
Vacation entitlements	$ 1,841	$ 1,708
Severance pay benefits	3,628	3,415
	$5,469	$ 5,123

7. Receivable from the Province of Manitoba (continued)

The receivable or portion thereof, for an individual SOA will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of an SOA.

8. Working capital advances

The Minister of Finance, with Lieutenant-Governor-in-Council approval by Orders in Council 747/1992, 242/1994, 152/1995, 151/1996, 136/1997, 168/1998, 129/2000, 185/2005, and 134/2006, has arranged for working capital advances to be available to the Financing Authority. The aggregate of the outstanding advances is not to exceed $25,070 (2006 - $21,370) at any one time. As at March 31, 2007, $ 16,568 (2006 - $13,517) of these advances was unused and available.

9. Deferred capital contributions

Deferred capital contributions, represent the unamortized amount of contributions received by the Food Development Centre from the Federal Government and the Province of Manitoba, for the purchase of equipment and construction of a building. These amounts will be taken into income to match the amortization of the equipment and building.

10. Long-term debt - Province of Manitoba

		2007	2006
5.375%	repayable in semi-annual instalments of $121 principal and interest, maturing in 2007	$ -	$ 118
4.750%	repayable in semi-annual instalments of $243 principal and interest, maturing in 2007	-	237
5.625%	repayable in semi-annual instalments of $174 principal and interest, maturing in 2007	-	334
4.250%	repayable in semi-annual instalments of $176 principal and interest, maturing in 2008	176	516
4.750%	repayable in semi-annual instalments of $397 principal and interest, maturing in 2008	767	1,499
6.425%	repayable in semi-annual instalments of $146 principal and interest, maturing in 2009	540	785

10. Long-term debt – Province of Manitoba (continued)

3.625%	repayable in semi-annual instalments of $149 principal and interest, maturing in 2009	571	842
3.500%	repayable in semi-annual instalments of $259 principal and interest, maturing in 2009	991	1,462
5.250%	repayable in semi-annual instalments of $159 principal and interest, maturing in 2010	738	1,007
5.625%	repayable in semi-annual instalments of $134 principal and interest, maturing in 2010	618	843
4.125%	repayable in semi-annual instalments of $56 principal and interest, maturing in 2010	263	361
4.000%	repayable in semi-annual instalments of $ 167 principal and interest, maturing in 2010	935	1,223
4.375%	repayable in semi-annual instalments of $438 principal and interest, maturing in 2010	2,440	3,186
5.125%	repayable in semi-annual instalments of $123 principal and interest, maturing in 2011	776	974
4.750%	repayable in semi-annual instalments of $ 227 principal and interest, maturing in 2011	1,637	2,000
4.750%	repayable in semi-annual instalments of $ 451 principal and interest, maturing in 2011	3,250	3,972
4.875%	repayable in semi-annual instalments of $ 137 principal and interest, maturing in 2012	1,093	1,305
4.750%	repayable in semi-annual instalments of $ 102 principal and interest, maturing in 2012	819	-
4.625%	repayable in semi-annual instalments of $ 475 principal and interest, maturing in 2013	4,200	-

10. Long-term debt – Province of Manitoba (continued)

4.750%	repayable in semi-annual instalments of $ 137 principal and interest, maturing in 2013	1,308	1,512
4.050%	repayable in semi-annual instalments of $ 140 principal and interest, maturing in 2014	1,589	1,798
4.875%	repayable in semi-annual instalments of $ 148 principal and interest, maturing in 2015	1,935	-
4.125%	repayable in semi-annual instalments of $ 117 principal and interest, maturing in 2016	1,662	1,822
5.800%	repayable in annual instalments of $ 18 principal and interest, maturing in 2018	195	213
		26,503	26,009
	Amount due within one year	6,992	6,460
		$ 19,511	$ 19,549

Principal repayments in each of the next five years are as follows:

2008	$6,992
2009	6,330
2010	5,154
2011	3,689
2012	2,126

No loan authority remained available as of March 31, 2006. Loan authority availability of $8,300 for 2006/07 was approved for Fleet Vehicles Agency during June 2006 in The Loan Act, 2006. Loan authority amounts were drawn down at various times during the 2006/07 year, with $7,060 in availability utilized as of March 31, 2007.

11. Pension benefits

Employees of SOAs are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the special operating agencies, through the Civil Service Superannuation Fund.

11. Pension benefits (continued)

Prior to April 1, 2001, only the Industrial Technology Centre and the Food Development Centre matched their employee's current contributions to the CSSB and had no additional liability under the CSSA.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the remaining SOAs transferred to the Province the pension liability for their employees. Commencing April 1, 2001, these SOAs were required to pay to the Province an amount equal to their employees' current pension contributions. The amount paid for 2007 was $1,978 (2006 - $1,743). Under this agreement, these SOAs have no further pension liability.

12. Severance liability

Effective April 1, 1998 or the date of their creation, whichever is later; SOAs began recording accumulated severance pay benefits for their employees. The amount of their severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The special operating agencies' actuarially determined net liability for accounting purposes as at March 31, 2007 was $5,286 (2006 - $4,980). Commencing in the 2006 fiscal year the actuarial loss of $367 is being amortized over the 15 year expected average remaining service life of the employee group.

13. Equity

Contributed equity	2007	2006
Fleet Vehicles Agency	$ 4,284	$ 4,284
Green Manitoba Eco Solutions	9	-
Industrial Technology Centre	62	62
Manitoba Text Book Bureau	550	550
Materials Distribution Agency	1,297	1,297
Office of the Fire Commissioner	11,279	11,279
Pineland Forest Nursery	356	356
	$17,837	$17,828

13. Equity (continued)

Retained earnings	2007	2006
Civil Legal Services	$ 729	$ 913
Companies Office	2,775	2,205
Crown Lands and Property Agency	(398)	(10)
Fleet Vehicles Agency	16,029	14,459
Food Development Centre	378	(11)
Green Manitoba Eco Solutions	(155)	-
Industrial Technology Centre	428	564
MERLIN	(1)	(315)
Manitoba Securities Commission	4,547	3,357
Manitoba Text Book Bureau	197	179
Materials Distribution Agency	2,988	3,562
Office of the Fire Commissioner	854	216
Organization and Staff Development	730	461
Pineland Forest Nursery	(103)	61
The Property Registry	11,866	10,957
The Public Trustee	1,626	1,696
Vital Statistics Agency	1,434	1,068
Financing Authority	9	7
	$43,933	$39,369

14. Reserve funds

a) The Public Trustee

The Public Trustee has allocated a reserve out of retained earnings to provide for short-term fluctuations in revenue due to changes in revenue patterns or extraordinary expenses. The balance of the reserve at March 31, 2007 is $500 (2006 - $500).

b) Manitoba Securities Commission

The Manitoba Securities Commission has allocated a reserve out of retained earnings to provide for extraordinary regulatory expenses and changes in market activity affecting revenue. The balance of the reserve at March 31, 2007 is $750 (2006 - $750).

c) Office of the Fire Commissioner

The Office of the Fire Commissioner received approval from Treasury Board in Fiscal 2004/05 to establish a special reserve fund for water bomber fire suppression activities. This fund is capped at an amount of $200 and will be utilized to cover the costs associated with water bomber deployment for non-forest fire incidents occurring on Rural Municipality property. As at March 31, 2007, the agency has allocated a total of $200 (2006 - $200) to this fund from its retained earnings account.

The agency has also established a special reserve fund for replacing and training a rescue dog. As at March 31, 2007, the balance of this reserve fund is $25 (2006 - $nil).

15. Commitments

Commitments for SOAs with building lease agreements at March 31, 2007 total $13,858 (2006 - $14,725). Estimated minimum lease payments for each of the next five years are as follows:

2008	$2,662
2009	2,245
2010	2,236
2011	2,223
2012	2,232

Other commitments entered into by SOAs are as follows:

Green Manitoba Eco Solutions	Office equipment leases	$ 6
Materials Distribution Agency	Printing equipment lease agreements	120
Office of the Fire Commissioner	Office equipment and vehicle leases	519
The Property Registry	Equipment lease agreements	645
		$ 1,290

16. Estates and trusts under administration

The Public Trustee has statutory responsibility for administering clients' estates and trusts. The client assets under administration at March 31, 2007 total approximately $185,000 (2006 - $177,000). The trust activities of The Public Trustee are reported in separate audited financial statements for Estates and Trusts under Administration.

17. Public sector compensation

No employee of the Financing Authority received compensation of $50.0 or more during the year ended March 31, 2007.

Compensation information for each SOA is disclosed in the notes to their audited financial statements.

18. Contingency

The Manitoba Securities Commission has been named as defendant in four statements of claim. At the time of preparation of these financial statements, the outcome of these claims were undeterminable. The cost of a future settlement, if any, will be reflected as an expense in the year paid.

19. Comparative figures

Comparative figures for the year ended March 31, 2006 have been restated, where appropriate, to conform to the presentation adopted for March 31, 2007.

APPENDIX

Agency Financial Statements

- Fleet Vehicles Agency
- Materials Distribution Agency
- Organization and Staff Development
- Vital Statistics Agency
- Civil Legal Services
- Manitoba Education, Research and Learning Information Networks
- Pineland Forest Nursery
- Companies Office
- Manitoba Text Book Bureau
- Industrial Technology Centre
- The Public Trustee of Manitoba
- Office of the Fire Commissioner
- Food Development Centre
- The Property Registry
- Manitoba Securities Commission
- Crown Land and Property Agency
- Green Manitoba Eco Solutions

Fleet Vehicles Agency
An Agency of the
Special Operating Agencies
Financing Authority
Province of Manitoba

Financial Statements

(In Thousands)

March 31, 2007

Grant Thornton

FLEET
VEHICLES AGENCY

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Statements of Earnings and Retained Earnings	3
Balance Sheet	4
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Schedule of Other Revenue and Expenses	13

Fleet Vehicles Agency
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Responsibility for Financial Reporting

The Fleet Vehicles Agency (*FLEET*) management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of *FLEET*'s financial position and results of operations and its cash flows in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available through May 11, 2007.

Management maintains internal controls to properly safeguard *FLEET*'s assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

FLEET's financial statements have been audited by Grant Thornton LLP, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of *FLEET* are presented fairly, in all material respects, in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the *FLEET* management,

A.W. Franchuk

Al Franchuk
Chief Operating Officer

Albert Ogonoski

Albert Ogonoski
Manager, Finance

May 11, 2007

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the
Special Operating Agencies Financing Authority

We have audited the balance sheet of **Fleet Vehicles Agency, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba** as at March 31, 2007 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Canada
May 11, 2007

Chartered Accountants

Fleet Vehicles Agency
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Statements of Earnings and Retained Earnings

(In Thousands)

Year Ended March 31	2007	2006
Revenue		
Vehicle and equipment leases	$ 32,240	$ 29,829
Gain on disposal of vehicles and equipment, net	541	559
Interest income	39	1
Other revenue (Page 13)	4,325	4,637
	37,145	35,026
Expenses		
Salaries	2,809	2,671
Vehicle and equipment operating expenses (Page 13)	28,346	26,912
Administrative expenses (Page 13)	1,698	1,689
Community service	45	43
Interest expense	1,177	1,116
	34,075	32,431
Net earnings	$ 3,070	$ 2,595
Retained earnings, beginning of year	$ 14,459	$ 13,364
Net earnings	3,070	2,595
Revenue sharing to the Consolidated Fund	(1,500)	(1,500)
Retained earnings, end of year	$ 16,029	$ 14,459

See accompanying notes to the financial statements.

Fleet Vehicles Agency
An Agency of the Special Operating Agencies Financing Authority Province of Manitoba
Balance Sheet

(In Thousands)

March 31		2007		2006
Assets				
Current				
Receivables (Note 3)	$	2,726	$	3,309
Inventories		195		205
Prepaids		2,158		2,000
		5,079		5,514
Capital assets (Note 4)		49,425		47,347
Receivable from the Province of Manitoba				
Severance pay benefits (Note 5)		270		270
	$	54,774	$	53,131
Liabilities				
Current				
Working capital payable, net of cash (Note 6)	$	3,507	$	3,651
Payables and accruals		2,509		2,639
Revenue sharing to the Consolidated Fund				375
Unearned revenue		1,698		1,476
Current portion of long-term debt		6,974		6,442
		14,688		14,583
Long-term debt (Note 7)		19,334		19,354
Severance pay liability (Note 5)		439		451
		34,461		34,388
Equity				
Contributed equity (Note 8)		4,284		4,284
Retained earnings		16,029		14,459
		20,313		18,743
	$	54,774	$	53,131

Commitments (Note 9)

See accompanying notes to the financial statements.

Fleet Vehicles Agency
An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
Statement of Cash Flows

(In Thousands)

Year Ended March 31	2007	2006
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings	$ 3,070	$ 2,595
Amortization	10,135	9,702
Gain on disposal of vehicles and equipment, net	(541)	(559)
Increase in severance pay liability	42	42
Payment of severance pay benefits	(54)	(18)
	12,652	11,762
Change in		
Receivables	583	(712)
Inventories	10	(20)
Prepaids	(158)	(141)
Payables and accruals	(130)	(210)
Revenue sharing to the Consolidated Fund	(375)	375
Unearned revenue	222	430
	12,804	11,484
Investing		
Proceeds from disposal of vehicles and equipment	2,115	1,867
Acquisition of vehicles and equipment for lease	(13,689)	(14,957)
Acquisition of equipment for operations	(94)	(65)
Acquisition of leasehold improvements	(4)	(114)
	(11,672)	(13,269)
Financing		
Proceeds from Loan Act Authority drawdowns	7,060	9,772
Long-term debt repayments	(6,548)	(6,398)
Revenue sharing to the Consolidated Fund	(1,500)	(1,500)
	(988)	1,874
Net increase in cash and cash equivalents	144	89
Working capital payable, net of cash and cash equivalents		
Beginning of year	(3,651)	(3,740)
End of year	$ (3,507)	$ (3,651)

See accompanying notes to the financial statements.

Fleet Vehicles Agency
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Notes to the Financial Statements

(In Thousands)

March 31, 2007

1. Nature of organization

In 1934, Fleet Vehicles was created as a branch of the Manitoba Provincial Government to provide a centralized fleet management program. It was established to achieve economies of scale and to lower overall fleet costs to government.

Effective April 1, 1992, the Fleet Vehicles branch was designated as a Special Operating Agency under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M., and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 2003, the Radio Services Program within the Desktop, Telecommunications and Network Services Branch of the then Department of Transportation and Government Services was transferred to the Agency.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A 1992 Management Agreement between SOAFA and the then Minister of Government Services assigns responsibility to the Agency to manage and account for the Agency-related assets and operations on behalf of SOAFA.

Fleet Vehicles Agency currently is a part of Manitoba Infrastructure and Transportation under the general direction of the Assistant Deputy Minister, Supply and Services Division, and ultimately the policy direction of the Associate Deputy Minister, the Deputy Minister and the Minister.

Fleet Vehicles Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

Fleet Vehicles Agency is economically dependent on The Government of Manitoba, as it derives most of its revenue and all of its capital financing requirements from the Province.

2. Significant accounting policies

Basis of reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and short-term investments with original maturities of six months or less. Bank borrowings are considered to be financing activities.

Inventories

Inventories are valued at the lower of cost and market value. Cost is determined on a weighted average basis.

Capital assets

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Vehicles	30%,	declining balance
Vehicles and equipment (signed lease agreement)		straight line over term of lease
Office and shop equipment	20%,	declining balance
Computer software and equipment	20%,	straight line
Leasehold improvements	10%,	straight line

Pension benefits

Employees of Fleet Vehicles Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the provincial government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred the pension liability for its employees to the Province. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for the year ended March 31, 2007 was $126 (2006: $128). Under this agreement, the Agency has no further pension liability.

Use of estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

2. Significant accounting policies (continued)

Financial instruments

The Agency's financial instruments consist of accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Revenue recognition

Fixed rate lease revenue is recognized on a straight-line basis over the term of the lease. Variable rate lease revenue is recognized monthly based on equipment usage. Service revenue is recognized when the services have been performed.

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3. Receivables

	2007	2006
Trade	**$ 1,099**	$ 1,784
Accrued trade	**1,161**	1,105
Insurance agency rebate receivable	**466**	420
	$ 2,726	$ 3,309

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4. Capital assets

			2007	2006
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Vehicles and equipment for lease	$ 90,417	$ 41,479	**$ 48,938**	$ 46,786
Office, shop and computer equipment	1,341	1,082	**259**	288
Leasehold improvements	707	479	**228**	273
	$ 92,465	$ 43,040	**$ 49,425**	$ 47,347

5. Severance pay liability

Effective April 1, 1998, the Agency commenced recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the recorded amounts when actual experience is different from that expected and/or there are changes in actuarial assumptions used. The resulting actuarial gains or losses, when material in amount, are amortized over the expected average remaining service life of the related employee group.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees through specific dates. That responsibility is currently reflected by a $194 receivable from the Province for the employees at the Agency as of March 31, 1998, together with a $76 receivable from the Province for the employees at Radio Services as of March 31, 2003, who are also now with the Agency.

The receivable from the Province will only be collected, in whole or in part, in the event there is a cash shortfall in the Agency. It is probable, therefore, that collection will only occur on the dissolution of the Agency.

An actuarial valuation report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's liability is recalculated annually, with payments to retiring employees no longer with the Agency or the Province charged against the liability. The Agency's actuarially determined net liability for accounting purposes as of March 31, 2007 was $439 (2006: $451).

6. Working capital payable

The Agency has an authorized line of working capital advances of $4,000, $3,550 of which was used as of March 31, 2007 (2006: $3,704).

Fleet Vehicles Agency
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Notes to the Financial Statements
(In Thousands)
March 31, 2007

7. Long-term debt

By virtue of the Management Agreement, the Agency is responsible for the repayment of debts assumed by the Special Operating Agencies Financing Authority (SOAFA) on its behalf. SOAFA holds the debt instruments listed in this Note on behalf of Fleet Vehicles Agency.

Loan Act Authority long-term debt is repayable in semi-annual instalments of principal and interest, as follows:

			Principal Balance Owing March 31	
Interest Rate	Instalment Amount	Maturity Date	2007	2006
5 ⅜%	121	September 30, 2006	$	$ 118
4 ¾%	243	September 30, 2006		237
5 ⅝%	174	March 31, 2007		334
4 ¼%	179	September 30, 2007	176	516
4 ¾%	397	March 31, 2008	767	1,499
6.425%	146	March 31, 2009	540	785
3 ⅝%	149	March 31, 2009	571	842
3 ½%	259	March 31, 2009	991	1,462
5 ¼%	159	September 30, 2009	738	1,007
5 ⅝%	134	September 30, 2009	618	843
4 ⅛%	56	September 30, 2009	263	361
4%	167	March 31, 2010	935	1,223
4 ⅜%	438	March 31, 2010	2,440	3,186
5 ⅛%	123	September 30, 2010	776	974
4 ¾%	227	March 31, 2011	1,637	2,000
4 ¾%	451	March 31, 2011	3,250	3,972
4 ⅞%	137	September 30, 2011	1,093	1,305
4 ¾%	102	September 30, 2011	819	
4 ⅝%	475	March 31, 2012	4,200	
4 ¾%	137	September 30, 2012	1,308	1,512
4.05%	140	September 30, 2013	1,589	1,798
4 ⅞%	148	March 31, 2015	1,935	
4 ⅛%	117	September 30, 2015	1,662	1,822
Total principal owing as of March 31			26,308	25,796
Amount due within one year			6,974	6,442
Long-term debt as of March 31			$ 19,334	$ 19,354

No loan authority remained available as of March 31, 2006. Loan authority availability of $8,300 for 2006/07 was approved during June 2006 in The Loan Act, 2006. Loan authority amounts were drawn down at various times during the 2006/07 year, with $7,060 in availability utilized as of March 31, 2007.

7. Long-term debt (continued)

As of March 31, 2007, principal repayments in each of the next five years are as follows:

2008	$ 6,974
2009	6,312
2010	5,136
2011	3,671
2012	2,108

8. Contributed equity

The Special Operating Agencies Financing Authority (SOAFA) and The Government of Manitoba entered into a Transfer Agreement in connection with the transfer from the Government to SOAFA of assets valued at $12,353 required for the continuing operations of Fleet Vehicles Agency as of March 31, 1992. The Agency has repaid the debt portion in the amount of $8,235 (2/3 of the value of the assets) and has recorded the balance of $4,118 (1/3 of the value of the assets) as the Government's equity in SOAFA relating to the Agency's operations.

The Agency's contributed equity was increased by $166 as of April 1, 2003, with the transfer of the net assets of Radio Services to the Agency.

9. Commitments

(a) Pursuant to a Memorandum of Understanding dated May 31, 1996, the Agency entered into a lease agreement with The Government of Manitoba for the rental of the facilities at 626 Henry Avenue, Winnipeg, Manitoba. Occupancy charges for each fiscal year including 2007/08 are established annually based on the approved budget for the Department of Infrastructure and Transportation. Occupancy charges for 2007/08 are estimated at $451 for the year, to be paid in quarterly instalments during 2007/08.

(b) The Agency's approved 2007/08 Business Plan calls for $1,500 in revenue sharing to be paid in quarterly instalments to the Consolidated Fund during 2007/08.

10. Requirements of The Public Sector Compensation Disclosure Act

Pursuant to Section 2(1) of the Act, the following employees of Fleet Vehicles Agency received compensation, directly or indirectly, of $50 or more in the fiscal year ended March 31.

Name	Position	2007	2006
Kathryn Bernhardt	Manager, Support Services	**$ 58**	$ 59
Derek Boutang	Systems Analyst	**88**	67
Andy Chartrand	Environment and Program Analyst	**53**	53
Donald Chesney	Manager, Fleet	**70**	70
Dennis Ducharme	Chief Operating Officer	**125**	91
James Ellison	Radio Services Technician		59
Grant Fraser	Mechanical Shop Supervisor	**55**	56
Barbara Funk	Payables Supervisor	**68**	
Richard Heck	Systems Analyst	**61**	57
Jordan Janisse	Systems Supervisor	**78**	77
Kevin Kilbrei	Manager, Marketing	**60**	61
David Kroeker	Programmer Analyst	**65**	65
Vladimair Lachowsky	Radio Services Technician	**55**	57
Keith Leganchuk	Radio Services Technician	**55**	
Robert Nolin	Body Shop Supervisor	**52**	54
Albert Ogonoski	Manager, Finance	**67**	68
Allan Pawluk	Radio Services Technician		54
Grant Recknell	Radio Services Supervisor	**59**	
William Reynolds	Manager, Strategic Planning	**66**	67
Guy Sinclair	Manager, Operations	**82**	80
Sean Stephen	Radio Services Supervisor		56

Fleet Vehicles Agency
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Special Operating Agencies Financing Authority
Province of Manitoba
Schedule of Other Revenue and Expenses

(In Thousands)

Year Ended March 31		2007		2006
Other revenue				
Autopac service	$	**518**	$	509
Garage regular service		**607**		1,055
Insurance premium rebates		**959**		879
Other, including fuel billings for managed vehicles that are not owned		**798**		741
Radio Services		**1,443**		1,453
	$	**4,325**	$	4,637
Vehicle and equipment operating expenses				
Amortization	$	**9,962**	$	9,520
Fuel		**9,608**		9,046
Insurance premiums		**3,792**		3,472
Licenses		**132**		136
Repairs and maintenance		**4,852**		4,738
	$	**28,346**	$	26,912
Administrative expenses				
Amortization	$	**173**	$	182
Fleet management information system		**174**		176
Human resource overhead		**588**		531
Occupancy costs		**492**		505
Other costs		**170**		184
SOAFA charges		**3**		3
Supplies and materials		**50**		63
Telephone and communication		**48**		45
	$	**1,698**	$	1,689

MATERIALS DISTRIBUTION AGENCY

Financial Statements

Year Ended March 31, 2007

MATERIALS DISTRIBUTION AGENCY

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Year Ended March 31, 2007

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AUDITORS' REPORT

To the Special Operating Agencies Financial Authority

We have audited the balance sheet of Materials Distribution Agency as at March 31, 2007 and the statements of loss and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
May 18, 2007

MATERIALS DISTRIBUTION AGENCY

An Agency of the Special Operating Agencies Financing Authority

Province of Manitoba

The Agency's management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes the integrity and objectivity of financial data and the presentation of the Agency's financial position and results of operations in accordance with Canadian generally accepted accounting principles. The financial statements have been audited by The Exchange Chartered Accountants LLP, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that transactions are authorized, properly recorded and reported, and that assets are safeguarded.

The Advisory Board has scheduled meetings with management to review accounting practices, financial reporting and to discuss the audit result. The auditors have free and full access to this Board, to discuss the results of the audit and their views on the adequacy of internal controls and the quality of financial reporting.

Susan Boulter
A Chief Operating Officer

Joel Hershfield
Manager of Finance and Technology

MATERIALS DISTRIBUTION AGENCY

Balance Sheet

(In Thousands)

March 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash and short term investments *(Note 8)*	$ 723	$ 1,040
Accounts receivable	2,868	3,090
Inventories *(Note 2, 3)*	1,521	1,437
Prepaid expenses	216	186
	5,328	5,753
RECEIVABLE - PROVINCE OF MANITOBA *(Note 4)*	412	412
EQUIPMENT *(Note 2, 5)*	1,637	1,404
OTHER ASSETS *(Note 2, 6)*	348	473
	$ 7,725	$ 8,042
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 3,056	$ 2,838
Current portion of lease obligation *(Note 7)*	-	7
	3,056	2,845
SEVERANCE LIABILITY *(Note 9)*	384	339
	3,440	3,184
EQUITY		
CONTRIBUTED EQUITY	1,297	1,297
RETAINED EARNINGS	2,988	3,561
	4,285	4,858
	$ 7,725	$ 8,042

COMMITMENTS *(Note 11)*

MATERIALS DISTRIBUTION AGENCY

Statement of Loss and Retained Earnings

(In Thousands)

Year Ended March 31, 2007

	2007	2006
NET WAREHOUSE SALES *(Schedule 1)*	$ 11,999	$ 12,456
COST OF SALES	9,677	10,090
GROSS PROFIT	2,322	2,366
SERVICE REVENUE *(Note 2) (Schedule 1)*	9,970	9,982
SOFTWARE REVENUE *(Note 2)*	-	588
NET REVENUE	12,292	12,936
EXPENSES		
Salaries and benefits	3,940	3,932
Occupancy costs	785	826
Software purchases	-	688
Administrative expenses *(Schedule 2)*	7,741	7,517
	12,466	12,963
NET LOSS FROM OPERATIONS	(174)	(27)
GAIN ON DISPOSAL OF ASSET UNDER CAPITAL LEASE	-	(14)
NET LOSS	(174)	(13)
RETAINED EARNINGS - BEGINNING OF YEAR	3,562	3,975
REVENUE SHARING - PROVINCE OF MANITOBA	(400)	(400)
RETAINED EARNINGS - END OF YEAR	$ 2,988	$ 3,562

MATERIALS DISTRIBUTION AGENCY

Statement of Cash Flows

(In Thousands)

Year Ended March 31, 2007

	2007	2006
OPERATING ACTIVITIES		
Cash received from warehouse sales	**$ 12,221**	$ 13,868
Cash received from service and software sales	**9,970**	10,570
Cash paid for inventories	**(9,677)**	(9,689)
Cash paid for salaries and benefits	**(3,894)**	(3,923)
Cash paid for occupancy	**(785)**	(826)
Cash paid for supplies, administration and other	**(7,637)**	(8,243)
Cash flow from operating activities	**198**	1,757
INVESTING ACTIVITIES		
Proceeds on disposal of asset under capital lease	**-**	48
Acquisition of rental equipment	**(233)**	(469)
Acquisition of equipment	**125**	(41)
Acquisition of leasehold improvements	**-**	(289)
Acquisition of other assets	**-**	(76)
Cash flow used by investing activities	**(108)**	(827)
FINANCING ACTIVITIES		
Revenue sharing - Province of Manitoba	**(400)**	(400)
Lease obligations	**(7)**	(65)
Cash flow used by financing activities	**(407)**	(465)
INCREASE (DECREASE) IN CASH	**(317)**	465
CASH AND SHORT-TERM INVESTMENTS- BEGINNING OF YEAR	**1,040**	575
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	**$ 723**	$ 1,040

1. NATURE OF ORGANIZATION

The Government of Manitoba established a central warehouse operation in 1974. Its mandate was to effectively meet the cost needs of departments and certain boards, commissions and agencies of the Crown, for a variety of commonly used items.

Effective April 1, 1993, Materials Distribution Agency (the "Agency") was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

In 1956 Mail Management (Postal Service) was created as a branch of the Manitoba Provincial Government to provide centralized postal management. Effect April 1, 1996 the Postage Service was renamed Mail Management Agency (the "Agency") and designated as a Special Operating Agency (SOA) pursuant to The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 2005 the operations of the Materials Distribution Agency and the Mail Management Agency were amalgamated. The amalgamated operations have been operating as the Materials Distribution Agency.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from the Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister of Transportation and Government Services assigns responsibility to the Agency to manage and account for Agency-related assets and operations on behalf of the Financing Authority.

The Agency continues to be part of Manitoba Transportation and Government Services under the general direction of the Assistant Deputy Minister, Supply and Services Division, and ultimately the policy direction of the Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

The Agency is economically dependent on the Province of Manitoba and the Manitoba Regional Health Authorities deriving most of its revenue and all of its capital financing requirements from the Province. These transactions are recorded at the exchange amount, which is the amount agreed upon by both parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Equipment

Equipment is recorded at cost and is amortized annually at the following rates and bases:

Fixtures	20%	straight-line method
Leasehold improvements	5 years	straight-line method
Warehouse equipment	20%	declining balance method
Computer software	20%	straight-line method
Office Equipment	20%	declining balance method

Non-consumable equipment relating to the Home Care Equipment and Supplies Program are amortized at varying rates in order to reflect the varying periods of useable "life".

Rental Equipment	2, 3, or 5 years	straight-line method

Other Assets

Other assets are recorded at cost and are amortized at the following rates on a straight-line basis:

Computer conversion	5 years	straight-line method
Relocation expenses	10 years	straight-line method

Revenue recognition

Warehouse sales are normally recognized when the products are shipped, service revenues are recognized on the provision of services, and software revenue is recognized when products are shipped and when collection is reasonable assured.

3. INVENTORIES

	2007	2006
Medical supplies	**$ 685**	$ 709
Equipment	**69**	53
Stationery	**530**	494
Janitorial	**204**	170
New furniture	**33**	11
	$ 1,521	$ 1,437

4. RECEIVABLE - PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for vacation entitlement earned by the employees of the Agency prior to its designation as a Special Operating Agency. It also includes severance pay benefits earned by the employees to March 31, 1998.

The receivable, or portion thereof, for the Agency will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

	2007	2006
Vacation	**$ 116**	$ 116
Severance	**296**	296
	$ 412	$ 412

5. EQUIPMENT

	Cost	Accumulated amortization	**2007 Net book value**	2006 Net book value
Computer equipment	$ 187	$ 179	**$ 8**	$ 21
Production equipment	279	230	**49**	80
Fixtures	109	109	**-**	-
Office equipment	64	64	**-**	4
Warehouse equipment	732	407	**325**	156
Leasehold improvements	697	543	**154**	286
Rental equipment	4,311	3,210	**1,101**	857
	$ 6,379	$ 4,742	**$ 1,637**	$ 1,404

6. OTHER ASSETS

	Cost	Accumulated Amortization	**2007**	2006
Computer conversion	$ 1,453	$ 1,288	**$ 165**	$ 259
Relocation expense	286	103	**183**	214
	$ 1,739	$ 1,391	**$ 348**	$ 473

7. OBLIGATIONS UNDER CAPITAL LEASE

	2007	2006
DeLage Landen capital lease	$ -	$ 7
Amounts payable within one year	-	(7)
	$ -	$ -

8. WORKING CAPITAL PAYABLE

The Agency has an authorized line of working capital advances of $2,300 of which none (2006 – NIL) was used at March 31,2007. Cash and short term investments are net of the working capital payable.

9. SEVERANCE LIABILITY

Effective April 1, 1998 the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of December 31, 2004. The report provides a formula to update the liability on a annual basis. The Materials Distribution Agency actuarially determined net liability for accounting purposes as at March 31, 2007 was $384 (2006 - $339). Commencing in the 2006 fiscal year the actuarial loss of $40 is being amortized over the 15 year expected average remaining service life of the employee group.

10. CONTRIBUTED EQUITY

Loan Authority – April 1, 1993

The SOAFA and the Province of Manitoba entered into a Transfer Agreement respecting the transfer from Manitoba to the Financing Authority of inventories and capital assets valued at $1,464 required for the continuing operations of the Agency as at March 31, 1993. The Agency repaid the debt portion of $732 (being ½ of the value of the assets) and recorded the balance, $732, as Manitoba's contributed equity in the Financing Authority as related to the Agency operations.

Loan Authority – April 1, 1996 MMA

SOAFA and the Province of Manitoba entered into a Transfer Agreement respecting the transfer from Manitoba to the Financing Authority of equipment valued at $102 required for continuing operations of the Mail Management Agency as at March 31, 1996. The Mail Management Agency (now Materials Distribution Agency) repaid the debt portion in the amount of $51 (being one-half of the value of the assets) and recorded the balance of $51 as Manitoba's contributed equity in the Financing Authority as related to the Agency's operations.

Loan Authority – April 1, 1997

SOAFA and the Province of Manitoba entered into a Transfer Agreement respecting the transfer from Manitoba to the Financing Authority for the net assets of the Home Care Equipment and Supply Program valued at $1,027 as at April 1, 1997. The Agency repaid the debt portion of $513 (being ½ of the value of the assets) and recorded the balance, $514, as Manitoba's contributed equity in the Financing Authority as related to the Agency operations.

11. COMMITMENTS

Leased Premises

On March 24, 2003, the Agency took partial possession of a rental property consisting of 76,067 square feet at 1715 St. James Street, Winnipeg, Manitoba. The lease is for a term of 10 years with an additional 5 year option commencing May 1, 2003.

The payments over the next five years are:

2007/08	$	453
2008/09		521
2009/10		521
2010/11		521
2011/12		521

Revenue Sharing

The Agency's approved 2006/07 Business Plan calls for $400 in revenue sharing to be paid in quarterly instalments to the Consolidated Fund during 2006/07.

Equipment Lease

The Agency has entered into a 5 year lease with Xerox for printing equipment. The lease is being paid yearly with payments of $30 annually.

Rental Agreement

The Agency has not entered into lease agreements with the Province of Manitoba for the five locations that it operates (405 Broadway, Winnipeg; 450 Broadway, Winnipeg; 340 – 9th Street, Brandon; and 25 Tupper Street, Portage la Prairie). Occupancy charges for the year ended March 31, 2007 were $93, whereas charges for the year ended March 31, 2006 were $93.

12. PENSION BENEFITS

Employees of the Agency are eligible for pension benefits in accordance with the provision of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Materials Distribution Agency, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees.

Commending April 1, 2001, the Agency is required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $430 (2006 - $166)

13. INTEREST RECEIVED

The Agency received interest during the year of $24 (2006 - $28).

MATERIALS DISTRIBUTION AGENCY

Notes to Financial Statements

(In Thousands)

Year Ended March 31, 2007

14. PUBLIC SECTOR COMPENSATION DISCLOSURE ACT

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation in an amount exceeding $50 annually to any officer or employee of the Agency. For the year ended March 31, 2007, the following employees received compensation in the excess of $50.

			2007
Ailyn Almendral	IT - Systems Adminstrator	$	64
Susan Boulter	A/Chief Operating Officer		88
Joel Hershfield	Manager of Finance and Technology		68
Kathy Kupfer	Marketing Manager		60
Glen Dela Cruz	IT Services		56
Wes Dropko	IT Services		59
Greg Bowers	Marketing and Communications		59
Dave Bishop	Logistics Manager		60
Rhonda Boyd	Client Services Manager		53
Michael Langenfeld	Contracts and Purchasing Manager		53
		$	620

15. FINANCIAL INSTRUMENTS

The Agency's financial instruments consist of cash and short-term investments, accounts receivable, receivable from the Province of Manitoba, accounts payable and accrued liabilities, and severance liability. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

MATERIALS DISTRIBUTION AGENCY

Schedule of Warehouse Sales & Service Revenue

(Schedule 1)

(In Thousands)

Year Ended March 31, 2007

	2007	2006
WAREHOUSE SALES		
Medical supplies	$ 4,450	$ 5,748
Stationery	3,461	3,109
Furniture	2,277	1,863
Janitorial	1,277	1,098
Health equipment	390	620
Special projects	144	18
	$ 11,999	$ 12,456
SERVICE REVENUE		
Disposal	$ 15	$ 9
Sales - Manitoba Textbook Bureau	292	309
Freight	452	511
Moving	472	384
Storage	80	83
Office equipment - maintenance program	61	71
Office equipment - copy centres	534	616
Special projects	-	84
Mail processing	4,824	4,772
Inter departmental mail	490	586
Mail finishing	385	418
Printing	184	138
Contract management	39	53
Home Care equipment rentals	2,050	1,857
Other income	92	91
	$ 9,970	$ 9,982

MATERIALS DISTRIBUTION AGENCY

Administrative expenses

(Schedule 2)

(In Thousands)

Year Ended March 31, 2007

	2007	2006
Amortization	**$ 827**	$ 825
Computer	**213**	183
Copy Centre	**358**	409
Equipment rentals	**111**	73
Freight	**997**	894
Mail services	**4,473**	4,405
Miscellaneous	**26**	83
Moving	**268**	199
Office	**166**	133
Professional fees	**11**	25
Promotion and marketing	**37**	48
SOAFA fees	**2**	2
Telephone	**59**	61
Training	**20**	13
Vehicle	**62**	44
Warehouse supplies	**111**	120
	$ 7,741	$ 7,517

ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

Financial Statements

For the year ended March 31, 2007

ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

Financial Statements

For the year ended March 31, 2007

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Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of Organization and Staff Development and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available to May 11, 2007.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

The responsibility of the Auditor General is to express an independent opinion on whether the financial statements of Organization and Staff Development are fairly represented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Organization and Staff Development

Diane Kristjansson

Diane Kristjansson, Director
May 11, 2007

BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Auditor General
Province of Manitoba

We have audited the balance sheet of **Organization and Staff Development - An Agency of the Special Operating Agencies Financing Authority** as at March 31, 2007 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 11, 2007

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ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

Balance Sheet

March 31	2007	2006
	(000's)	
Assets		
Current Assets		
Cash and bank (Note 3)	$ 12	$ 283
Short-term investments - Province of Manitoba	526	350
Accounts receivable	244	69
Inventories	16	5
	798	707
Receivable from Province of Manitoba (Note 4)	39	39
Capital assets (Note 5)	39	9
	$ 876	$ 755
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 99	$ 219
Severance liability (Note 6)	47	75
	146	294
Equity		
Retained earnings	730	461
	$ 876	$ 755

The accompanying notes are an integral part of these financial statements.

ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

Statement of Operations and Retained Earnings

For the year ended March 31

(000's)

	2007 Actual	2006 Actual	Variance	Budget	Variance
Revenue					
Training and consulting	$ **1,877**	$ 1,553	$ 324	$ 1,495	$ 382
Interest	**19**	12	7	8	11
	1,896	1,565	331	1,503	393
Expenses					
Professional fees	**659**	543	116	465	194
Salaries and benefits	**500**	463	37	522	(22)
Books and course materials	**139**	122	17	93	46
Food and beverages	**84**	89	(5)	66	18
Accommodations	**81**	87	(6)	74	7
Travel	**32**	34	(2)	15	17
Occupancy costs	**26**	17	9	27	(1)
Communications	**24**	17	7	21	3
Rentals	**20**	11	9	12	8
Office supplies	**20**	24	(4)	23	(3)
Desk top management	**19**	24	(5)	30	(11)
Professional development	**9**	8	1	14	(5)
Other	**5**	3	2	6	(1)
Amortization	**5**	2	3	2	3
Marketing	**4**	15	(11)	5	(1)
Great Plains Support	**-**	6	(6)	1	(1)
Bad debt	**-**	-	-	2	(2)
	1,627	1,465	162	1,378	249
Net income for the year	**269**	100	169	125	144
Retained earnings, beginning of year	**461**	361			
Retained earnings, end of year	$ **730**	$ 461			

The accompanying notes are an integral part of these financial statements.

ORGANIZATION AND STAFF DEVELOPMENT - AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

Statement of Cash Flows

For the year ended March 31	2007	2006
	(000's)	
Cash Flows from Operating Activities		
Net income for the year	$ 269	$ 100
Adjustment for		
Amortization of capital assets	5	2
	274	102
Changes in non-cash working capital balances		
Accounts receivable	(175)	10
Inventories	(11)	-
Prepaid expenses	-	2
Accounts payable and accrued liabilities	(120)	(150)
Severance liability	(28)	7
	(334)	(131)
	(60)	(29)
Cash Flows from Investing Activities		
Purchase of capital assets	(35)	(3)
Decrease in cash and cash equivalents	(95)	(32)
Cash and cash equivalents, beginning of year	633	665
Cash and cash equivalents, end of year	$ 538	$ 633
Represented by		
Cash and bank	$ 12	$ 283
Short-term investments	526	350
	$ 538	$ 633

The accompanying notes are an integral part of these financial statements.

1. Nature of Organization

Effective April 1, 1994, Organization and Staff Development of the Civil Service Commission was designated by regulation as a Special Operating Agency under The Special Operating Agencies Financing Authority Act and operates under a charter approved by the Lieutenant Governor in Council. Its mandate is to provide consulting and training services to support the implementation of the government's human resource policies and priorities.

The Agency is financed through the Special Operating Agencies Financing Authority. The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister responsible for the Civil Service Commission assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

Organization and Staff Development continues to be part of the Civil Service Commission under the general direction of the Commissioner and ultimately the policy direction of the Minister responsible for The Civil Service Act.

Organization and Staff Development remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

Organization and Staff Development is economically dependant on the Province of Manitoba. Currently, the Agency derives most of its revenue from the Province of Manitoba and all of its capital financing requirements through the Financing Authority.

2. Significant Accounting Policies

Basis of Reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles

Revenue Recognition

Training and consulting revenue is recorded on an accrual basis by specific project

Use of Estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates

Financial Instruments

The Agency's financial instruments consist of cash, accounts receivable, investments and accounts payable. It is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Capital Assets

Rates of amortization applied to write off the cost of capital assets over their estimated life are as follows:

Office equipment	20% declining balance
Furniture and fixtures	20% declining balance
Computer equipment	20% straight line

In the year of acquisition, amortization is calculated at one half of the rate indicated above.

3. Working Capital

The Agency has an authorized line of working capital advances of $120 which was unused and available at March 31, 2007.

4. Receivable from Province of Manitoba

The Province of Manitoba has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 calculated at $33 was completely offset by a receivable from the Province. The receivable from the Province was restated to $39 as a result of the actuarial valuation completed as at March 31, 2000.

The receivable from the Province, or portion thereof, for Organization and Staff Development, will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

5. Capital Assets

	2007			2006		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Office equipment	$ 6	$ 3	$ 3	$ 6	$ 2	$ 4
Furniture and fixtures	46	13	33	10	9	1
Computer equipment	14	11	3	14	10	4
	$ 66	$ 27	$ 39	$ 30	$ 21	$ 9

6. Severance Liability

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2006. The report provides a formula to update the liability on an annual basis. The Organization and Staff Development's actuarially determined net liability for accounting purposes as at March 31, 2007 was $47 ($75 in 2006).

7. Related Party Transactions

The Agency is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Agency enters into transactions with these entities in the normal course of business.

8. Contingencies

A potential claim has been filed against the Agency for breach of an agreement. In the opinion of management and legal counsel, the amount of the potential loss can not be estimated, and the outcome of the claim is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

9. Pension Benefits

Employees of Organization and Staff Development are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including Organization and Staff Development, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $18 ($19 in 2006). Under this agreement, the Agency has no further pension liability.

10. Public Sector Compensation

Pursuant to the disclosure required by The Public Sector Compensation Disclosure Act, no remuneration was paid to Advisory Board members. During the fiscal year ended March 31, 2007, the following employees received compensation of $50,000 or more.

	2007	2006
E. Dickson	**$ 112**	$ 78
J. Desrochers	**69**	70
S. Swan	**59**	57
D. Kristjansson	**68**	-

VITAL STATISTICS AGENCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

MANAGEMENT REPORT

To the Special Operating Agencies Financing Authority

The accompanying financial statements are the responsibility of the management of the Vital Statistics Agency and have been prepared in accordance with generally accepted accounting principles. In Management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating Management's best judgment regarding all necessary estimates and all other data available up to May 11, 2007.

Management maintains internal controls to properly safeguard the Vital Statistics Agency's assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and established policies and procedures are followed.

The Auditor's responsibility is to express an independent opinion on whether the financial statements of the Vital Statistics Agency are fairly presented in accordance with generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides an audit opinion.

On behalf of Management,

Caroline E. Kaus
Chief Operating Officer/Director

E.C. Norrington CA
Manager of Finance,
Administration and Marketing

Winnipeg, Manitoba
May 11, 2007

VITAL STATISTICS AGENCY
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

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AS AT MARCH 31, 2007

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ULAT & POUSTIE
HARTERED ACCOUNTANTS

1700 Ness Avenue
Winnipeg, Manitoba R3J [illegible]

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AUDITORS' REPORT

TO THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY

We have audited the balance sheet of **Vital Statistics Agency**, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at **March 31, 2007** and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BULAT & POUSTIE

CHARTERED ACCOUNTANTS

Winnipeg, Manitoba
May 11, 2007

VITAL STATISTICS AGENCY
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

BALANCE SHEET
(in thousands)
AS AT MARCH 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash and short term deposits	$ 1,152	$ 749
Accounts receivable, note 4	463	65
Inventory, note 2	45	51
Prepaid expenses	17	17
	1,677	882
RECEIVABLE FROM PROVINCE OF MANITOBA, note 5	94	94
CAPITAL ASSETS, notes 2 and 6	563	674
	$ 2,334	$ 1,650
LIABILITIES		
CURRENT		
Accounts payable	$ 65	$ 117
Deferred revenue, notes 2 and 7	523	107
Accrued unused vacation entitlements	136	149
	724	373
SEVERANCE PAY LIABILITY, note 9	176	209
	900	582
COMMITMENTS, note 10		
EQUITY		
RETAINED EARNINGS	1,434	1,068
	$ 2,334	$ 1,650

The accompanying notes are an integral part of the financial statements

VITAL STATISTICS AGENCY
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF EARNINGS
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

		2007		2006
REVENUE				
Net sales	$	3,203	$	2,905
Proceeds from government departments		129		127
Interest		26		11
		3,358		3,043
EXPENSES				
Salaries and employee benefits		1,708		1,597
Operating expenses, Schedule 1		933		918
Amortization		171		281
		2,812		2,796
NET EARNINGS FOR THE YEAR	$	546	$	247

The accompanying notes are an integral part of the financial statements

VITAL STATISTICS AGENCY
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF RETAINED EARNINGS
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
RETAINED EARNINGS, BEGINNING OF YEAR	$ 1,068	$ 961
Net earnings for the year	546	247
	1,614	1,208
Revenue sharing payment to Province of Manitoba	180	140
RETAINED EARNINGS, END OF YEAR	$ 1,434	$ 1,068

The accompanying notes are an integral part of the financial statements

VITAL STATISTICS AGENCY
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF CASH FLOWS

(in thousands)

FOR THE YEAR ENDED MARCH 31, 2007	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings for the year	$ 546	$ 247
Adjustments for		
Amortization	171	281
Severance pay expenses	25	25
	742	553
Changes in the following:		
Accounts receivable	(398)	(15)
Inventory	6	(12)
Accounts payable	(52)	9
Deferred revenue	416	10
Accrued unused vacation entitlements	(13)	16
	701	561
CASH FLOWS FROM FINANCING ACTIVITIES		
Revenue sharing payment to Province of Manitoba	(180)	(140)
Severance pay payments	(58)	-
	(238)	(140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(60)	(115)
INCREASE IN CASH AND SHORT TERM DEPOSITS	403	306
CASH AND SHORT TERM DEPOSITS, BEGINNING OF YEAR	749	443
CASH AND SHORT TERM DEPOSITS, END OF YEAR	$ 1,152	$ 749

The accompanying notes are an integral part of the financial statements

VITAL STATISTICS AGENCY
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2007

1. ENTITY DEFINITION

Effective April 1, 1994, the Lieutenant Governor in Council designated the Vital Statistics Agency (the "Agency") as a special operating agency under The Special Operating Agencies Financing Authority Act (C.C.S.M. cS185) by Order in Council 232/1994. The Order also gave approval to the Special Operating Agencies Financing Authority (SOAFA) and the Minister of Consumer and Corporate Affairs, being the Minister responsible for the Agency at that time, to enter into a Management Agreement with respect to the Agency.

A Management Agreement between the Financing Authority and the Minister of Consumer and Corporate Affairs assigns responsibility to manage the assets transferred to the Agency in delivering regulated services to clients through administration of three major Acts; The Vital Statistics Act, The Change of Name Act, and The Marriage Act. The Agency also handles disinterment's under the Public Health Act. The ownership of the vital events records is excluded from this agreement, as their ownership is considered Crown property and should not be alienated from Government protection in the the public interest.

The Agency is part of Manitoba Consumer and Corporate Affairs Division in the Department of Finance under the general direction of the Minister of Finance, the Deputy Minister and Assistant Deputy Minister who is also Chairperson of Vital Statistics Advisory Board.

The Agency remains bound by relevant legislation and regulation. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Inventory

Inventory of certificates and pre-printed forms are valued at cost. Cost is generally determined on a first-in, first-out method.

Capital Assets

Capital assets are recorded at cost. Amortization is provided for as follows:

	Rate	Method
Data conversion	20 %	Declining balance
Furniture and fixtures	20 %	Straight line
Information system	20 %	Declining balance
Leasehold improvements	20 %	Straight line
Office equipment	20 %	Straight line
Security equipment	20 %	Straight line

In the prior year, the Agency implemented its new Vitalware information system, with the exception of registrations, to replace its existing Life Data system. The registrations portion of Vitalware was implemented in May 2006. At April 1, 2005 the Life Data system had a remaining net book value of $130.7. The Agency determined that any future benefit from the Life Data system would be gone after May 2006 and should be fully amortized by that date. As a result $26.1 of the net book value was amortized during the year (2006 - $104.6).

Significant Accounting Policies - continued

Deferred revenue and revenue recognition

The Agency receives cash payments at the time various certificates are ordered and the cash payments are reflected as deferred revenue. Revenue is recognized at the time the service is completed and the certificate is issued.

Financial instruments

Fair market value

Financial instruments of the Agency consist mainly of cash and short term deposits, accounts receivable, accounts payable and accrued unused vacation entitlements. The fair values of these financial instruments approximate their carrying values.

Credit risk

The Agency is exposed, in its normal course of business, to credit risk from its customers.

Financial risk

Financial risk is the risk to the Agency's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Agency does not use derivative instruments to reduce its exposure to interest risk.

Measurement uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Actual amounts could differ from these estimates.

3. WAIVER OF FEES

The Agency charges no fee for services in exchange for services from the following organizations:

(a) The Manitoba Development Centre, health care facilities, the Chief Medical Examiner's Office (Manitoba Justice), the Manitoba Funeral Association and the Department of Anatomy of the University of Manitoba as they provide services in accordance with The Vital Statistics Act.

(b) Child and Family Services Regional Operations of Manitoba Family Services to act as issuers of Marriage Licences and handling related administrative duties.

(c) Vital Statistics Offices in other jurisdictions through agreements to exchange information between jurisdictions as it relates to one another's residency or birthplace.

(d) Statistics Canada for national tabulation and statistical information. Statistics Canada provides payment for the microdata and microfilm records from the Vital Statistics Agency and provides half of the cost of printing registration forms.

(e) Health and Welfare Canada (Indian and Northern Affairs).

Services provided under the above agreements are valued at $5 for the year ended March 31, 2007 (2006 - $4).

Waiver of fees - continued

The Agency provides services without compensation to victims of crimes as follows:

In March of 1998, the Ministers of Justice, Consumer and Corporate Affairs, and Highways and Transportation agreed that the fees for replacement documents should be waived. Representatives of Vital Statistics and the Division of Driver and Vehicle Licensing met to coordinate the process so the public would receive the same program from both agencies.

Effective January 1, 1999, members of the public who have had their birth certificate stolen during a criminal act can request replacement certificates and have the fee waived. This does not apply to members of the public who have lost their identification or individuals who are non-residents of Manitoba. Clients are asked to indicate that they are requesting a waiver of fees as a result of a criminal act and to provide police incident number.

Service provided under the above arrangement are valued at $16 for the year ended March 31, 2007 (2006 - $15).

4. ACCOUNTS RECEIVABLE

	2007	2006
Trade	**$ 93**	$ 68
Interest	**5**	2
Federal government - Statistics Canada	**371**	-
	469	70
Allowance for doubtful accounts	**6**	5
	$ 463	$ 65

Federal government - Statistics Canada

The Agency agreed on March 7, 2007 with Statistics Canada to join the National Routing System (NRS) where the Agency is responsible for the procurement, development testing and implementation of the messaging solution to enable secure and timely notification of vital events data between provinces and federal organizations. These funds were advanced to the Agency in April 2007 and are to be used for the specific purpose of the agreement. The offsetting liability has been included in deferred revenue (note 7).

5. RECEIVABLE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for severance pay benefits prior to April 1, 1998. The timing and the collection of this receivable will vary. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

6. CAPITAL ASSETS

	2007		2006	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Data conversion	**$ 1,078**	**$ 794**	$ 1,050	$ 726
Furniture and fixtures	**118**	**108**	114	105
Information system	**1,177**	**937**	1,170	852
Leasehold improvements	**86**	**83**	86	80
Office equipment	**179**	**153**	158	141
Security equipment	**42**	**42**	42	42
	2,680	**2,117**	2,620	1,946
Net Book Value	**$ 563**		$ 674	

7. DEFERRED REVENUE

	2007	2006
Trade	**$ 152**	$ 107
Federal government, note 4	**371**	-
	$ 523	$ 107

8. PENSION BENEFITS

Employees of the Vital Statistics Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA) administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Vital Statistics Agency, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Vital Statistics Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $61 (2006 - $69). Under this agreement, the Agency has no further pension liability.

9. SEVERANCE PAY LIABILITY

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Vital Statistics Agency's actuarially determined net liability for accounting purposes as at March 31, 2007 was $176 (2006 - $209). Commencing in the 2006 fiscal year, the actuarial loss of $37 is being amortized over the 15 year expected average remaining service life of the employee group.

10. LEASE COMMITMENTS

The Agency has not entered into a lease agreement with the Province of Manitoba for rental of facilities at 254 Portage Avenue. Occupancy charges for the year ending March 30, 2008 are estimated to be $205 (2007 - $193).

11. FINANCING ARRANGEMENTS

Working capital advances and long term financing for significant capital purchases are provided to the Agency through the Special Operating Agencies Financing Authority. The Financing Authority has approved a $250 limit for working capital advances for the Agency. The Agency has not accessed working capital advances in the current year.

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to classifications used in the current year.

VITAL STATISTICS AGENCY
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Schedule 1

SCHEDULE OF OPERATING EXPENSES
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
Accommodation	$ 193	$ 184
Advertising	35	20
Bad debts	5	4
Central government charges	67	76
Computer information system	194	235
Office equipment support	24	25
Office supplies	18	25
Other operating expenses	46	33
Printed material supplies	73	80
Professional fees	43	27
Supplies for mechanized systems	10	15
Telecommunications	33	27
Training	3	3
Transportation and freight	189	164
	$ 933	$ 918

Schedule 2

SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds $50 per annum. This information follows:

EMPLOYEE	TITLE	COMPENSATION	
		2007	2006
Caroline Kaus	Chief Operating Officer	**$ 88**	$ 86
Rudy Gerling	Manager of Finance, Administration and Marketing	**68**	67
Janet Usher	Assistant Director	**61**	62
Edwin Norrington	Manager of Finance, Administration and Marketing	**56**	-
Lorraine Turzak	Supervisor Application Processing	**53**	-
Frances Beer	Supervisor Registration Systems	**51**	-
Patricia Dumontet	Registration Clerk	**50**	-
Evelyn Austin	Registration Clerk	**50**	-

CIVIL LEGAL SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2007

Manitoba

Justice
Civil Legal Services SOA
Room 730 Woodsworth Building
405 Broadway
Winnipeg MB R3C 3L6

In reply, please refer to
C. Lynn Romeo
Chief Operating Officer

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Civil Legal Services
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Responsibility of Financial Reporting

The Agency's management is responsible for the financial statements and other financial information in the annual report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and the results of operations in accordance with generally accepted accounting principles. The financial statements have been audited by Magnus & Buffie, Chartered Accountants, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that the transactions are authorized, properly recorded and reported and that the assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this Board, and to discuss the results of their audit and their views on the adequacy of internal controls and the quality of the financial reporting.

C. Lynn Romeo
Chief Operating Officer

May 10, 2007

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Civil Legal Services, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2007 and the statements of earnings and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

May 10, 2007

CHARTERED ACCOUNTANTS

1810 - 444 St. Mary Avenue · Winnipeg, Manitoba · R3C 3T1 · Phone (204) 942-4441 · Fax (204) 944-0400

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

BALANCE SHEET
(in thousands)
MARCH 31, 2007

		2007		2006
ASSETS				
CURRENT ASSETS				
Cash and short term deposits	$	676	$	1,087
Accounts receivable		670		208
		1,346		1,295
RECEIVABLE FROM PROVINCE OF MANITOBA (Note 4)		379		379
CAPITAL ASSETS (Note 5)		47		58
TRUST ASSET		8		8
	$	1,780	$	1,740
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	112	$	8
Vacation payable		408		343
		520		351
SEVERANCE LIABILITY (Note 6)		523		468
TRUST LIABILITY		8		8
		1,051		827
EQUITY				
RETAINED EARNINGS		729		913
	$	1,780	$	1,740

STATEMENT OF EARNINGS AND RETAINED EARNINGS
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
REVENUE		
Recoveries	$ 5,199	$ 5,405
Interest and other	19	19
	5,218	5,424
EXPENSES		
Advertising and promotion	2	1
Amortization	27	36
Communications	36	39
Computer	65	41
Desktop management initiative	151	155
Equipment rental	4	5
Government records centre	23	21
Law Society fees	49	45
Miscellaneous	6	9
Occupancy	232	180
Office	52	48
Postage and deliveries	10	10
Professional fees and services	47	43
Publications	28	26
Travel	24	24
Wages and benefits	4,446	4,285
	5,202	4,968
NET EARNINGS FOR THE YEAR	16	456
RETAINED EARNINGS, beginning of year	913	707
	929	1,163
REVENUE SHARING - PROVINCE OF MANITOBA	200	250
RETAINED EARNINGS, end of year	$ 729	$ 913

STATEMENT OF CASH FLOW
(in thousands)

FOR THE YEAR ENDED MARCH 31, 2007	2007	2006
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	$ 16	$ 456
Adjustment for		
Amortization	27	36
	43	492
Changes in the following		
Accounts receivable	(462)	242
Accounts payable and accrued liabilities	104	(157)
Vacation payable	65	(17)
Severance liability	55	11
	(195)	571
FINANCING ACTIVITY		
Revenue sharing - Province of Manitoba	(200)	(250)
INVESTING ACTIVITY		
Capital asset additions	(16)	(48)
CHANGE IN CASH AND SHORT TERM DEPOSITS	(411)	273
CASH AND SHORT TERM DEPOSITS, beginning of year	1,087	814
CASH AND SHORT TERM DEPOSITS, end of year	$ 676	$ 1,087

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2007

1. NATURE OF ORGANIZATION

The role of Civil Legal Services (the "Agency") flows from the constitutional and statutory responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, the Agency is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Province of Manitoba, the province's agencies, boards and commissions and some Crown organizations.

Effective April 1, 1995, the Agency was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating status, assists the Agency to sustain the provision of high quality legal services to its clients.

A Management Agreement between the Financing Authority and the Minister of Justice assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

The Agency continues to be part of Manitoba Justice under the general direction of the Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Agency is economically dependent on the Province of Manitoba because it derives most of its revenue from the Province and all of its financing requirements through the Financing Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting: The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

Capital Assets: Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Computer Equipment and Software	20% straight line (10% in year of acquisition)
Furniture and Fixtures	20% straight line (10% in year of acquisition)
Leasehold Improvements	20% straight line (10% in year of acquisition)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The percentage of completion method of accounting is used, whereby revenue is recognized proportionately with the degree of completion of the legal services provided.

Financial instruments

It is management's opinion that the carrying value of the Agency's financial instruments approximates their fair value, except for the receivable from the Province of Manitoba which cannot be reasonably estimated due to the nature of the underlying terms of collection. In addition, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FINANCING ARRANGEMENTS

The Special Operating Agencies Financing Authority has provided the Agency with an authorized line of working capital of $500 of which $nil was used at March 31, 2007.

4. RECEIVABLE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency and severance pay benefits prior to April 1, 1998. The balance is comprised of:

	2007	2006
Vacation Entitlements	$ 140	$ 140
Severance Pay Benefits	239	239
	$ 379	$ 379

The timing of the collection of these receivables will vary. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2007	Net Book Value 2006
Computer Equipment and Software	$ 132	$ 90	$ 42	$ 52
Furniture and Fixtures	198	193	5	6
Leasehold Improvements	53	53	-	-
	$ 383	$ 336	$ 47	$ 58

6. SEVERANCE LIABILITY

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Agency's actuarially determined net liability for accounting purposes as at March 31, 2007 was $523 (2006 - $468). Commencing in the 2006 fiscal year the actuarial loss of $87 is being amortized over the 15 year expected average remaining service life of the employee group.

7. PENSION BENEFITS

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees.

Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $205 (2006 - $208). Under this agreement the Agency has no further pension liability.

8. LEASE COMMITMENTS

The Agency has not entered into a lease agreement with the Province of Manitoba for rental facilities at 405 Broadway. Occupancy charges for the year ending March 31, 2008 are estimated to be $231.

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, no remuneration or other benefits were paid to the Advisory Board members. The following employees or officers received compensation of $50 or more.

EMPLOYEE	TITLE	COMPENSATION	
		2007	2006
I. Allen	Legal Counsel	$ 108	$ 111
E. Andres	Legal Counsel	107	108
J. Barak	Legal Counsel	88	91
A. Berg	Legal Counsel	115	120
T. Bjornson	Legal Counsel	95	95
S. Boyd	Legal Counsel	62	60
T. Brothers	Legal Counsel	85	86
M. Ducharme	Financial Officer	55	55
J. Frederickson	Legal Counsel	94	93
I. Frost	Legal Counsel	105	110
D. Gisser	Legal Counsel	110	114
D. Guenette	Legal Counsel	101	93
T. Hague	Director	-	177
G. Hannon	Legal Counsel	115	119
D. Hill	Legal Counsel	72	-
S. Hoeppner	Legal Counsel	105	110
B. Jones	Legal Counsel	86	86
J. Kapac	Legal Counsel	105	114
A. Ladyka	Legal Counsel	83	82
D. Lofendale	Legal Counsel	110	112
J. Mann	Legal Counsel	-	67
W. McFetridge	Legal Counsel	115	120
M. McGunigal	Legal Counsel	91	95
G. Mildren	Legal Counsel	112	120
S. Pierce	Legal Counsel	110	114
K. Ranson	Legal Counsel	85	84
C. Romeo	Senior Legal Officer	121	119
L. Ross	Legal Counsel	96	-
K. Scott	Legal Counsel	-	94
V. Smith	Legal Counsel	71	56
A. Stevens	Legal Counsel	84	84
M. Stonyk	Legal Counsel	52	-
N. Trenholm	Legal Counsel	110	114
M. Webb	Legal Counsel	110	114
I. Wiebe	Legal Counsel	86	86
R. Winters	Legal Counsel	110	115
K. Wright	Legal Counsel	52	-

MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS

An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba

Financial Statements

For the year ended March 31, 2007

M·E·R·L·I·N

Manitoba • Education • Research • Learning • Information • Networks

The accompanying financial statements are the responsibility of the Management of Manitoba Education, Research and Learning Information Networks (MERLIN) and have been prepared in accordance with Canadian generally accepted accounting principles. In Management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating Management's best judgement regarding all necessary estimates and all other data available up to May 24, 2007.

Management maintains internal controls to properly safeguard MERLIN's assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

The Auditors' responsibility is to express an independent opinion on whether the financial statements of MERLIN are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' report outlines the scope of the audit examination and provides an audit opinion.

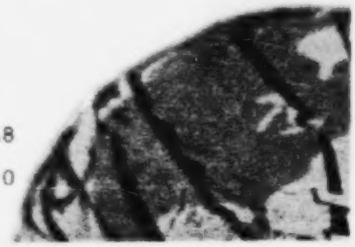
On behalf of Management,

Greg Baylis
Chief Operating Officer

David Olafson
Controller

Manitoba Education, Research and Learning Information Networks (MERLIN)

May 24, 2007



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LIN is a special operating agency with the Department of Science, Technology, Energy and Mines

MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS

An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba

Financial Statements
For the year ended March 31, 2007

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BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
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Auditors' Report

To the Special Operating Agencies Financing Authority:

We have audited the balance sheet of **MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS**, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2007 and the statements of income and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 24, 2007

MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS

An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
Balance Sheet
(In Thousands)

March 31		2007		2006
Assets				
Current Assets				
Cash and funds on deposit	$	636	$	573
Accounts receivable		220		119
Prepaid expense		372		64
		1,228		756
Receivable from the Province of Manitoba (Note 2)		47		47
Capital assets (Note 3)		204		81
	$	1,479	$	884
Liabilities and Equity				
Current Liabilities				
Accounts payable and accrued expenses	$	261	$	251
Unearned revenue		463		80
		724		331
Cyberschools (Note 6)		665		786
Severance pay liability (Note 7)		91		82
		1,480		1,199
Commitments (Note 9)				
Deficit (Page 4)		(1)		(315)
	$	1,479	$	884

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS

An Agency of the Special Operating Agencies Financing Authority

Province of Manitoba

Statement of Income and Deficit

(In Thousands)

For the year ended March 31	**2007**	2006
Revenue		
Province of Manitoba - Science, Technology, Energy and Mines Funding	$ **446**	$ 446
Fee for goods and services	**2,527**	2,037
Other	**45**	9
Cyberschools	**121**	131
	3,139	2,623
Expenses		
Advertising and promotion	**24**	15
Amortization	**63**	80
Audit and legal fees	**8**	7
Communication	**238**	261
Conferences	**25**	-
Cost of purchases for resale	**1,232**	1,126
Cyberschools		
Salaries and benefits	**59**	91
Other expenses	**62**	40
Equipment repair and maintenance	**94**	68
Occupancy	**54**	53
Office and miscellaneous	**28**	24
Professional development	**13**	6
Purchased services	**-**	2
Salaries and benefits	**895**	781
Travel	**30**	27
	2,825	2,581
Net income for the year	**314**	42
Deficit, beginning of year	**(315)**	(357)
Deficit, end of year (Page 3)	$ **(1)**	$ (315)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS

An Agency of the Special Operating Agencies Financing Authority

Province of Manitoba

Statement of Cash Flows

(In Thousands)

For the year ended March 31	2007	2006
Cash Flows from Operating Activities		
Net income for the year	$ 314	$ 42
Adjustment for		
Amortization	63	80
	377	122
Changes in non-cash working capital		
Accounts receivable	(101)	170
Prepaid expenses	(308)	35
Accounts payable	10	(23)
Unearned revenue	383	5
	(16)	187
Severance liability	9	9
	370	318
Cash Flows from Investing Activities		
Capital assets	(186)	(15)
Cash Flows from Financing Activities		
Cyberschools	(121)	(131)
Net increase in cash and cash equivalents	63	172
Cash and cash equivalents, beginning of year	573	401
Cash and cash equivalents, end of year	$ 636	$ 573

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS

An Agency of the Special Operating Agencies Financing Authority

Province of Manitoba

Summary of Significant Accounting Policies

March 31, 2007

Basis of Reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

Capital Assets

Capital assets are recorded at cost and are amortized annually on a straight-line basis as follows:

Computer hardware	20%
Computer software	20%
Equipment and furniture	20%
Leaseholds	20%

In the year of acquisition, amortization is calculated at one-half the rate indicated.

Revenue Recognition

Provincial funding is recognized over the term for which it applies.

Fees for service are recognized as the service is performed or ownership of goods has been transferred. Internet charges are recognized once service has been provided, and billed at the end of each quarter. Special projects are billed based on the terms of the contract.

Revenues for the Cyberschools project have been received in advance and are taken into income as expenditures are incurred.

Financial Instruments

The Agency's financial instruments consist of cash and funds on deposit, accounts receivable, accounts payable and accrued expenses and severance pay liability. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Nature of Organization

Effective April 1, 1995, Manitoba Education, Research and Learning Information Networks (MERLIN) was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council. Effective September 25, 2002, the Agency operates as part of Science, Technology, Energy and Mines under the general direction of the Deputy Minister.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business like manner according to public policy expectations.

A Management Agreement between SOAFA and the Minister of Science, Technology, Energy and Mines assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of SOAFA.

The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

The Agency is economically dependent on the Province of Manitoba as it derives much of its revenue and all of its financing requirements from the Province.

2. Receivable from the Province of Manitoba

The receivable from the Province of Manitoba is made up of vacation entitlement earned by the employees of the Agency prior to creation of the Special Operating Agency on April 1, 1995 and for severance pay benefits earned prior to April 1, 1998. This receivable, or portion thereof, for the Agency, will be collected in the event there is a cash shortfall. However, this is only likely to happen on dissolution of the Agency. The balance consists of:

	2007	2006
Vacation entitlements	**$ 19**	$ 19
Severance pay benefits	**28**	28
	$ 47	$ 47

3. Capital Assets

	2007 Cost	2007 Accumulated Amortization	2006 Cost	2006 Accumulated Amortization
Computer hardware	$ 361	$ 212	$ 401	$ 332
Computer software	34	3	8	8
Equipment and furniture	93	79	94	82
Leaseholds	11	1	-	-
	$ 499	$ 295	$ 503	$ 422
Cost less accumulated amortization		$ 204		$ 81

4. Working Capital Advances

These advances are provided to the Agency through the Special Operating Agencies Financing Authority pursuant to the Management Agreement. The Agency has an authorized line of working capital advances of $2.0 million of which $NIL was used at March 31, 2007 (2006 - $NIL).

During the year, the Agency incurred interest charges of $NIL (2006 - $NIL).

5. Accrued Vacation Entitlements

The Agency follows the policy of the Department of Finance to recognize accumulated vacation entitlement liability. The liability is offset by a receivable from the Province of $19, which was the balance as at March 31, 1998. Any subsequent changes to the entitlement are reflected as a current year expense to the Agency. At March 31, 2007, the accrued vacation entitlement was $108 (2006 - $117).

6. Cyberschools

The Agency has entered into an agreement with Community Connections to develop, implement and operate a province-wide communication gateway/portal to support K-S4 education and Community Connections lifelong learners. The service will include access to secure email, calendars, and file storage.

Receipts and disbursements are as follows:

		2007		2006
Deferred balance, beginning of year	**$**	**786**	$	917
Disbursements		**(121)**		(131)
Deferred balance, end of year	**$**	**665**	$	786

7. Severance Pay Liability

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Agency's actuarially determined net liability for accounting purposes as at March 31, 2007 was $91 (2006 - $82). Commencing in the 2006 fiscal year the actuarial loss of $2 is being amortized over the 15 year expected average remaining service life of the employee group.

8. Revenue - Manitoba Education, Citizenship and Youth

The Agency is responsible for the delivery of distance education and technology programs formerly provided through Manitoba Education, Citizenship and Youth. The Agency receives a fee from the Department, established annually and paid quarterly, in exchange for delivery of these services.

9. Commitments

The Agency leases office space under a long-term lease which expires January 31, 2008. The future minimum payments required under this lease are:

2008	$	30

10. Pension Benefits

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Manitoba Education, Research & Learning Information Network, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $40 (2006 - $48). Under this agreement, the Agency has no further pension liability.

MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS

An Agency of the Special Operating Agencies Financing Authority

Province of Manitoba

Schedule of Public Sector Compensation Disclosure

(In Thousands)

For the year ended March 31, 2007

Pursuant to the disclosure required by The Public Sector Compensation Disclosure Act, no remuneration was paid to Advisory Board members. During the fiscal year ended March 31, 2007, the following employees received compensation of $50 or more:

Employee	Title	Compensation
Bater, Jared	Consultant, Unix Technologies	$ 66
Baylis, Greg	Chief Operating Officer	92
Bender, Kiley	Senior Consultant	62
Garrett, Catherine	Chief Operating Officer (Acting)	74
Greider, Warren	Consultant, Internet Technologies	70
Hiebert, John	Consultant, Networking Technologies	64
Jennings, Debra	Regional Representative	63
Lafond-D'Heilly, Colette	Communications and Marketing Manager	60
Wallin, Grant	Manager, Information and Communication Technologies	77

Pineland Forest Nursery

An Agency of the Special Operating Agencies Financing Authority

Financial Statements

March 31, 2007

Pineland

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of the management of Pineland Forest Nursery and have been prepared in accordance with generally accepted accounting principles. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data up to May 25, 2007.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the Auditor is to express an independent opinion on whether the financial statements of Pineland Forest Nursery are fairly represented in accordance with generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

Trevor Stanley
General Manager

May 25, 2007

To the Special Operating Agencies Financial Authority:

We have audited the balance sheet of Pineland Forest Nursery, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2007 and the statements of loss, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Nursery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Nursery as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements of the Nursery for the year ended March 31, 2006 were audited by other auditors whose report expressed an opinion without reservation on those financial statements.

Meyers Norris Penny LLP

Winnipeg, Manitoba

May 25, 2007

Chartered Accountants

Pineland Forest Nursery
An Agency of the Special Operating Agencies Financing Authority
Balance Sheet
As at March 31, 2007

	2007 ***(In thousands)***	2006 *(In thousands)*
Assets		
Current		
Accounts receivable *(Note 3)*	**183**	339
Unbilled revenue	**484**	287
Inventory	**92**	108
Prepaid expenses	**42**	48
	801	782
Receivable from the Province of Manitoba *(Note 4)*	**187**	187
Property, plant and equipment *(Note 5)*	**1,669**	1,876
	2,657	2,845
Liabilities and Equity		
Current		
Working capital advances *(Note 6)*	**1,959**	2,107
Accounts payable and accruals	**238**	136
	2,197	2,243
Severance pay liability *(Note 7)*	**207**	185
	2,404	2,428
Retained earnings (deficit)	**(103)**	61
Contributed surplus *(Note 9)*	**356**	356
	253	417
	2,657	2,845

The accompanying notes are an integral part of these financial statements

Pineland Forest Nursery
An Agency of the Special Operating Agencies Financing Authority
Statement of Loss
For the year ended March 31, 2007

	2007 ***(In thousands)***	2006 *(In thousands)*
Revenue - Private sector		
Overwinter	**916**	1,028
Current	**336**	395
Greenhouse poplar	**-**	1
Seed services	**110**	149
Tree improvement	**2**	6
Other	**10**	-
	1,374	1,579
Revenue - Province of Manitoba		
Overwinter	**1,080**	1,155
Current	**112**	70
Seed services	**26**	20
Tree improvement	**2**	-
	1,220	1,245
	2,594	2,824
Operating expenses *(Schedule 1)*	**1,006**	1,115
General Administrative expenses		
Salaries, wages and benefits	**1,408**	1,520
Amortization	**245**	282
Interest - operating loan	**99**	78
	2,758	2,995
Net loss	**(164)**	(171)

The accompanying notes are an integral part of these financial statements

Pineland Forest Nursery
An Agency of the Special Operating Agencies Financing Authority
Statement of Retained Earnings

For the year ended March 31, 2007

	2007 ***(In thousands)***	2006 *(In thousands)*
Retained earnings, beginning of year	**61**	232
Net loss	**(164)**	(171)
Retained earnings (deficit), end of year	**(103)**	61

The accompanying notes are an integral part of these financial statements

Pineland Forest Nursery
An Agency of the Special Operating Agencies Financing Authority
Statement of Cash Flows
For the year ended March 31, 2007

	2007 ***(In thousands)***	*2006* *(In thousands)*
Cash provided by (used for) the following activities		
Operating activities		
Net loss	**(164)**	(171)
Amortization	**245**	282
	81	111
Changes in working capital accounts		
Accounts receivable	**156**	(65)
Unbilled revenue	**(196)**	44
Inventory	**16**	1
Prepaid expenses and deposits	**6**	1
Accounts payable and accruals	**100**	(64)
Severance pay liability	**23**	23
	186	51
Investing activities		
Purchases of property, plant and equipment	**(38)**	(45)
Increase in cash resources	**148**	6
Cash deficiency, beginning of year	**(2,107)**	(2,113)
Cash deficiency, end of year	**(1,959)**	(2,107)
Supplementary cash flow information		
Interest paid	**99**	78

The accompanying notes are an integral part of these financial statements

1. Nature of the organization

In 1953, Pineland Provincial Forestry Nursery was established to meet all the nursery stock requirements of the Province at one location. Prior to 1953 there were several small nurseries located throughout the province. Effective April 1, 1995, Pineland Forest Nursery was designated as a special operating agency under The Special Operating Agencies Financing Authority Act (C.C.S.M. c.S185) and operates under a charter approved by the Lieutenant Governor in Council.

A management agreement between the Financing Authority and the Minister of Conservation assigns responsibility to the Nursery to manage and account for the agency related assets and operations on behalf of the Financing Authority. Pineland Forest Nursery continues to be part of Manitoba Conservation under the general direction of the Assistant Deputy Minister of Conservation Programs and ultimately the policy direction of the Deputy Minister and the Minister. Pineland Forest Nursery remains bound by relevant legislation and regulations. It is also bound by administrative policy, except where specific exemptions have been provided for in its charter in order to meet business objectives.

2. Significant accounting policies

The financial statements of the Nursery have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Inventory

Supplies inventory is valued at the lower of cost and replacement cost.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Greenhouses, coldframes, freezers, holding area, minor service buildings, major pump-house, major service buildings, propane conversion	10%
Equipment	20-30%

Amortization on current year additions is pro-rated based on the length of time in use in the current year.

Revenue recognition

Revenue is recognized on a percentage of completion basis. Any excess of revenue recorded on a percentage of completion basis over amounts billed is recorded as unbilled revenue.

Economic dependence

Pineland Forest Nursery is economically dependent on the Province of Manitoba, because it derives a significant portion of its revenue from the province and all of its financing requirements through the Financing Authority.

Use of Estimates

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Accrued Vacation Entitlement

The Nursery follows the policy of the Department of Finance to recognize the vacation entitlement liability accumulated to March 31, 1995. The liability at this date is offset by a receivable from the Province and was $99,000 as at March 31, 1995. Any subsequent changes to the entitlement are reflected as a current year expense to the Nursery. The accrued vacation entitlement was $110,000 as of March 31, 2007 (2006 - $111,000) and is included in accounts payable and accrued liabilities.

Financial instruments

The Nursery's financial instruments consist of accounts receivable, unbilled revenue, working capital advances, accounts payable and accrued liabilities and severance pay liability. Unless otherwise noted, it is management's opinion that the Nursery is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

It is management's opinion that the fair value of these financial instruments approximates their carrying value.

Recent accounting pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. The Nursery expects to apply these recommendations for its financial statements dated March 31, 2008. Transitional provisions are complex and vary depending on the type of financial instruments under consideration. Therefore, the Nursry has not yet determined the impact of these new standards on its financial statements.

3. Accounts Receivable

	2007 ***(In thousands)***	*2006* *(In thousands)*
Trade Receivables		
Province of Manitoba	**56**	94
Other	**170**	288
	226	382
Allowance for doubtful accounts	**(43)**	(43)
	183	339

4. Receivable from the Province of Manitoba

The receivable from the Province of Manitoba is made up of vacation entitlements earned by the employees of the Nursery prior to creation of the Special Operating Agency on April 1, 1995 and for severance pay benefits earned prior to April 1, 1998. This receivable, or portion thereof, for the Nursery, will be collected in the event there is a cash shortfall. However, this is only likely to happen on dissolution of the Nursery. The balance is comprised of:

	2007 ***(In thousands)***	*2006* *(In thousands)*
Vacation entitlements	**99**	99
Severance pay benefits	**88**	88
	187	187

5. Property, plant and equipment

			2007 ***(In thousands)***
	Cost	***Accumulated amortization***	***Net book value***
Buildings	**3,950**	**2,584**	**1,366**
Equipment	**1,668**	**1,365**	**303**
	5,618	**3,949**	**1,669**

			2006 ***(In thousands)***
	Cost	***Accumulated amortization***	***Net book value***
Buildings	3,930	2,435	1,495
Equipment	1,650	1,269	381
	5,580	3,704	1,876

6. Working Capital Advances

The Financing Authority has provided the Nursery with an authorized line of working capital of $3,000,000 of which $1,959,000 was advanced at March 31, 2007 (2006 - $2,107,000).

7. Severance Pay Liability

Effective April 1, 1998, the Nursery began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because changes in actuarial assumptions used. The resulting actual gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an accrual basis. The Agency's actuarially determined net liability for accounting purposes as at March 31, 2006 was $185,000. The expected liability on an accrual basis is $207,000 at March 31, 2007. Commencing in the 2006 fiscal year the actuarial loss of $58,000 is being amortized over the 15 year expected average remaining service life of the employee group.

8. Pension Benefits

Employees of the Nursery are eligible for pension benefits in accordance with the provisions of The Civil Service Superannuation Act (CSSA), administered by the Civil Service Supperannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Nursery transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $55,000 (2006 - $62,000). Under this agreement, the Nursery has no further pension liability.

9. Contributed surplus

The Special Operating Agencies Financing Authority and the Province of Manitoba entered into a Transfer Agreement respecting the transfer from the Province to the Financing Authority of inventory and capital assets values at $712,000 required for the continuing operations of Pineland Forest Nursery as at March 31, 1995. The Nursery was responsible to repay the Special Operating Agencies Financing Authority the debt portion, in the amount of $356,000 (being half of the value of the assets) and to record the remainder as the Province's equity in the Financing Authority as related to the Nursery's operations. The debt portion was fully repaid during the 2005 fiscal year.

Pineland Forest Nursery
An Agency of the Special Operating Agencies Financing Authority
Schedule 1 - Schedule of Operating Expenses
For the year ended March 31, 2007

	2007 **(In thousands)**	2006 *(In thousands)*
Operating Expenses		
Supplies	**260**	309
Natural gas and hydro	**329**	370
Repairs and maintenance	**119**	131
Property taxes and insurance	**97**	102
Office	**65**	66
Departmental services and professional fees	**55**	51
Freight	**43**	50
Marketing	**14**	14
Travel	**24**	22
	1,006	1,115

Pineland Forest Nursery
An Agency of the Special Operating Agencies Financing Authority
Schedule 2 - Schedule of Public Sector Compensation Disclosure
For the year ended March 31, 2007

Pursuant to the disclosure required by The Public Sector Compensation Disclosure Act, no remuneration was paid to the Advisory Board members. During the fiscal year ended March 31, 2007, the following employees received compensation of $50,000 or more:

Employee	**Title**	**Compensation**
Trevor Stanley	General Manager	$ 80,000
David Flight	Manager	53,000
Richard Lepage	Manager	52,000
David Turchyn	Manager	53,000

COMPANIES OFFICE

FINANCIAL STATEMENTS

MARCH 31, 2007

RESPONSIBILITY FOR FINANCIAL REPORTING

The Agency's management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and results of operations in accordance with generally accepted accounting principles. The financial statements include amounts that are based on management's best estimates and judgements. The Agency's financial statements have been audited by Magnus & Buffie, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that transactions are authorized, properly recorded and reported, and that assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this Board, if required to discuss the results of their audit and their views on the adequacy of internal controls and the quality of financial reporting.

On Behalf of Management:

Myron Pawlowsky
Chief Operating Officer

Dave Rudy
Controller

Date: May 10, 2007

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of the Companies Office, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2007 and the statements of earnings and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

May 10, 2007

CHARTERED ACCOUNTANTS

1810 - 444 St. Mary Avenue · Winnipeg, Manitoba · R3C 3T1 · Phone (204) 942-4441 · Fax (204) 944-0400

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

BALANCE SHEET
(in thousands)
MARCH 31, 2007

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and Short Term Deposits	$ 2,689	$ 2,211
Accounts Receivable (Note 4)	364	154
Prepaid Expenses	25	22
	3,078	2,387
RECEIVABLE FROM PROVINCE OF MANITOBA (Note 5)	218	218
CAPITAL ASSETS (Note 6)	69	78
	$ 3,365	$ 2,683
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued	$ 211	$ 83
Accrued Vacation Entitlements	171	171
	382	254
SEVERANCE PAY LIABILITY (Note 7)	208	224
	590	478
EQUITY		
RETAINED EARNINGS	2,775	2,205
	$ 3,365	$ 2,683

STATEMENT OF EARNINGS AND RETAINED EARNINGS
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
REVENUE		
Fees and Services	$ 6,176	$ 6,095
Interest	89	48
	6,265	6,143
EXPENSES		
Salaries and Employee Benefits	1,523	1,445
Operating Expenses (Schedule)	2,534	2,595
Amortization - Capital Assets	23	27
	4,080	4,067
NET EARNINGS FOR THE YEAR	2,185	2,076
RETAINED EARNINGS, Beginning of Year	2,205	1,744
	4,390	3,820
REVENUE SHARE TO PROVINCE OF MANITOBA	1,615	1,615
RETAINED EARNINGS, End of Year	$ 2,775	$ 2,205

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF CASH FLOW
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Net Earnings for the Year	$ 2,185	$ 2,076
Adjustment for		
Amortization - Capital Assets	32	37
	2,217	2,113
Changes in the following		
Accounts Receivable	(210)	127
Prepaid Expenses	(3)	(4)
Accounts Payable and Accrued	128	18
Accrued Vacation Entitlements	-	10
Change in Severance Pay Liability	(16)	23
	2,116	2,287
FINANCING ACTIVITY		
Revenue Share to Province of Manitoba	(1,615)	(1,615)
INVESTING ACTIVITY		
Capital Asset Additions	(23)	(20)
CHANGE IN CASH AND SHORT TERM DEPOSITS	478	652
CASH AND SHORT TERM DEPOSITS, Beginning of Year	2,211	1,559
CASH AND SHORT TERM DEPOSITS, End of Year	$ 2,689	$ 2,211

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2007

1. NATURE OF ORGANIZATION

Effective April 1, 1996, the Lieutenant Governor in Council designated the Companies Office (the "Agency") as a special operating agency under The Special Operating Agencies Financing Authority Act (C.C.S.M. cS185) by Order in Council. Another Order also gave approval to the Special Operating Agencies Financing Authority (SOAFA) and the Minister of Consumer and Corporate Affairs, being the Minister responsible for the Agency (at that time), to enter into a management agreement with respect to the Agency. The management agreement assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of SOAFA. SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. This financial framework enables the Agency to operate in a business like manner according to public policy expectations.

The Agency is part of Manitoba Consumer and Corporate Affairs Division in the Department of Finance under the general direction of the Minister of Finance, the Deputy Minister and Assistant Deputy Minister who is also Chairperson of the Companies Office Advisory Board.

The Agency remains bound by relevant legislation and regulation. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting: The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Capital Assets: Capital assets are amortized over their estimated useful lives as follows:

Computer Equipment and Software	20% straight line (10% in year of acquisition)
Office Equipment	20% straight line (10% in year of acquisition)
Furniture and Fixtures	20% straight line (10% in year of acquisition)
Leasehold Improvements	20% straight line (10% in year of acquisition)

Revenue Recognition: Revenue is recognized when the service is substantially complete.

Financial Instruments: It is management's opinion that the carrying value of the Agency's financial instruments approximates their fair value, except for the receivable from the Province of Manitoba which cannot be reasonably estimated due to the nature of the underlying terms of collection. In addition, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. FINANCING ARRANGEMENTS

Working capital advances and long-term financing for significant capital purchases are provided to the Agency through the Special Operating Agencies Financing Authority. The Financing Authority has approved a $100 limit in working capital advances. The Agency did not access working capital advances during the year.

4. ACCOUNTS RECEIVABLE

		2007		2006
Trade	$	30	$	53
Accrued Revenue		334		101
	$	364	$	154

5. RECEIVABLE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency and severance pay benefits prior to April 1, 1998. The balance is comprised of:

		2007		2006
Vacation Entitlements	$	92	$	92
Severance Pay Benefits		126		126
	$	218	$	218

The timing of the collection of these receivables will vary. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

6. CAPITAL ASSETS

				Accumulated		Net Book Value		
		Cost		Amortization		2007		2006
Computer Equipment and Software	$	70	$	50	$	20	$	20
Office Equipment		16		15		1		3
Furniture and Fixtures		117		92		25		23
Leasehold Improvements		39		16		23		32
	$	242	$	173	$	69	$	78

Amortization charges for the year amounted to $32 (2006 - $37) of which $6 (2006 - $8) was expensed in Manitoba Business Links and $4 (2006 - $2) was expensed in Notaries on the schedule of operating expenses.

7. SEVERANCE PAY LIABILITY

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarially determined net liability for accounting purposes as at March 31, 2007 was $208 (2006 - $224). Commencing in the 2006 fiscal year the actuarial loss of $42 is being amortized over the 15 year expected average remaining service life of the employee group.

8. PENSION BENEFITS

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $71 (2006 - $73). Under this agreement, the Agency has no further pension liability.

9. LEASE COMMITMENTS

The Agency has not entered into a lease agreement with the Province of Manitoba for rental facilities at 405 Broadway. Occupancy charges for the year ending March 31, 2008 are estimated to be $139 (2007 - $139).

SCHEDULE OF OPERATING EXPENSES
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

	2007	2006
Accounting	$ 14	$ 13
Audit	6	4
Bad Debts	3	1
Bank Charges	23	23
BSI Cost Allocation	1,265	1,312
Communications	29	27
Computer	100	108
Department Services	31	31
Desktop	77	77
Disaster Recovery	37	45
Equipment Maintenance and Rentals	7	8
Insurance	16	15
Legal Services	10	19
Manitoba Business Links	273	261
Miscellaneous	23	21
Notaries	125	116
NUANS	145	147
Office Rent	126	120
Payroll Processing	20	20
Postal and Courier	47	48
Programmers	74	69
Stationery	58	53
System Development - Feasibility Study	-	51
System Enhancements	20	-
Transportation	5	6
	$ 2,534	$ 2,595

COMPANIES OFFICE
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2007

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, no remuneration or other benefits were paid to board members.

The Public Sector Compensation Disclosure Act also requires all publicly funded bodies to disclose compensation to any employee or officer when such compensation exceeds $50 per annum. This information follows:

EMPLOYEE	TITLE	COMPENSATION 2007	COMPENSATION 2006
Myron Pawlowsky	Chief Operating Officer	$ 88	$ 89
Joan Alty	Manager, Manitoba Business Links	73	72
Shane Lasker	Deputy Director - Legal	69	71
Dave Rudy	Controller	66	67
Linda Kalinski	Deputy Director - Operations	61	60
Isabelle Aubin	Manager, Office Systems & Customer Service	55	54
Yun Shih	Examiner	58	-

Manitoba Text Book Bureau
An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
Financial Statements

March 31, 2007

Grant Thornton

www.mtbb.mb.ca

MANITOBA TEXT BOOK BUREAU
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Souris, Manitoba R0K 2C0

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A Special Operating Agency of Manitoba Education, Citizenship and Youth

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding necessary estimates and all other data available.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of the Bureau are properly safeguarded. Staff at the Auditor General's Office review internal controls and report their findings to management.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

Brenda McKinny
Chief Operating Officer

Denis Labossiere, C.G.A.
Controller

Souris, Manitoba
May 11, 2007

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Statement of Cash Flows	4
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Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Office of the Auditor General

We have audited the balance sheet of **Manitoba Text Book Bureau, An Agency of the Special Operating Agencies Financing Authority** as at March 31, 2007 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Bureau as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Canada
May 11, 2007

Chartered Accountants

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Manitoba Text Book Bureau
An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
Balance Sheet

(in thousands)

March 31	2007	2006
Assets		
Current		
Cash and cash equivalents	$ 15	$ 8
Accounts receivable	503	516
Inventory	2,116	2,284
Prepaid expenses	15	22
	2,649	2,830
Receivable from Province of Manitoba (Note 3)	64	64
Capital assets (Note 4)	71	71
	$ 2,784	$ 2,965
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 368	$ 497
Interest payable – Province of Manitoba	4	94
Customer deposit accounts	157	78
Working capital advance (Note 5)	1,464	1,526
	1,993	2,195
Accrued severance liability (Note 6)	44	41
	2,037	2,236
Equity		
Contributed equity (Note 7)	550	550
Retained earnings	197	179
	747	729
	$ 2,784	$ 2,965

See accompanying notes to the financial statements.

Manitoba Text Book Bureau
An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
Statements of Income and Retained Earnings

(in thousands)

Year Ended March 31	2007	2006
Sales	$ 8,138	$ 9,006
Cost of goods sold:		
Inventory, beginning of year	2,284	2,106
Purchases	6,872	8,007
Transportation in	27	36
Transportation out	102	102
	9,285	10,251
Inventory, end of year	2,116	2,284
Cost of goods sold	7,169	7,967
Gross profit	969	1,039
General and administrative expenses		
Amortization	29	28
Computer expense	54	51
Employee benefits	59	66
Interest	60	46
Marketing	12	13
Office	28	28
Office occupancy	37	64
Postage	3	3
Professional Services	13	11
Salaries	342	344
Telephone	10	10
Training	4	1
Travel	10	13
Warehouse occupancy	89	87
Warehouse service	201	197
	951	962
Net income	$ 18	$ 77

	2007	2006
Retained earnings, beginning of year	$ 179	$ 102
Net income	18	77
Retained earnings, end of year	$ 197	$ 179

See accompanying notes to the financial statements.

Manitoba Text Book Bureau
An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
Statement of Cash Flows

(in thousands)

Year Ended March 31	2007	2006
Increase (decrease) in cash and cash equivalents		
Operating		
Net income	$ 18	$ 77
Amortization	29	28
	47	105
Changes in		
Accounts receivable	13	(71)
Inventory	168	(178)
Prepaid expenses	7	(14)
Accounts payable and accrued liabilities	(129)	(310)
Interest payable – Province of Manitoba	(90)	6
Customer deposit accounts	79	(65)
Accrued severance liability	3	(18)
	98	(545)
Investing		
Acquisition of capital assets	(29)	(7)
Financing		
Working capital advance	(62)	549
Net increase (decrease) in cash and cash equivalents	7	(3)
Cash and cash equivalents, beginning of year	8	11
Cash and cash equivalents, end of year	$ 15	$ 8

See accompanying notes to the financial statements.

1. Nature of operations

In 1931, the Manitoba Text Book Bureau (MTBB) was created as a branch of the Department of Education. It was established to achieve economies of scale and reduce the cost of learning resources for schools in Manitoba.

Effective April 1, 1996, the MTBB was designated as a Special Operating Agency under The Special Operating Agencies Financing Authority Act, Cap. S 185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The MTBB is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the MTBB through working capital advances. This financial framework enables the MTBB to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Special Operating Agencies Financing Authority and the Minister of Education and Training, being the Minister responsible for the Agency at that time, assigns responsibility to the MTBB to manage and account for the MTBB related assets and operations on behalf of SOAFA.

The MTBB continues to be part of the Department of Education, Citizenship and Youth under the general direction of the Assistant Deputy Minister, School Programs Division, and ultimately the policy direction of the Deputy Minister and Minister.

The MTBB remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

2. Significant accounting policies

Basis of reporting

The financial statements of the MTBB are presented in accordance with Canadian Generally Accepted Accounting Principles.

Accounting estimates and assumptions

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balance. Bank borrowings are considered to be financing activities.

Inventories

Inventories are valued using the average unit cost method.

Capital assets

Capital assets are recorded at cost in the year of acquisition. Rates and basis of amortization applied to write off the cost of capital assets over their estimated useful lives are as follows:

Office equipment, furniture and video recording equipment	20% declining balance
Computer software and equipment	20% straight line

One-half year's amortization is applied in the year of acquisition.

Revenue recognition

Revenue is recognized upon transfer of title to the customer.

3. Receivable from Province of Manitoba

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability as at April 1, 1998 calculated at $63 was completely offset by a receivable from the Province. The receivable from the Province was restated to $64 as a result of the actuarial valuation completed as at March 31, 2000.

The receivable from the Province, or portion thereof, for the MTBB, will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of the MTBB.

Manitoba Text Book Bureau
An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba
Notes to the Financial Statements

(in thousands)
For the year ended March 31, 2007

4. Capital assets

	2007		2006	
	Cost	Accumulated Depreciation	Cost	Accumulated Amortization
Computer software and equipment	$ 254	$ 216	$ 290	$ 233
Office equipment and furniture	46	19	28	22
Video recording equipment	63	57	63	55
	$ 363	$ 292	$ 381	$ 310
Cost less accumulated amortization		$ 71		$ 71

5. Working capital

The MTBB has an authorized line of working capital advances of $4,000, of which $ 1,464 was used as of March 31, 2007 (2006 - $1,526).

6. Severance liability

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The MTBB's actuarially determined net liability for accounting purposes as at March 31, 2007 was $44 (2006 - $41). Commencing in the 2006 fiscal year the actuarial gain of $16 is being amortized over the 15 year expected average remaining service life of the employee group.

7. Contributed equity

SOAFA and the Government of Manitoba entered into a Transfer Agreement in connection with the transfer from Manitoba to SOAFA of assets valued at $5,240 and liabilities of $4,690 required for the continuing operations of the MTBB as at March 31, 1996. The Manitoba Text Book Bureau recorded the balance of $550 (being the value of the net assets) as Manitoba's Contributed Equity in SOAFA as related to the Bureau's operations.

8. Related party transactions

The MTBB is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The MTBB enters into transactions with these entities in the normal course of business.

9. Pension benefits

Employees of the MTBB are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the MTBB, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the MTBB transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the MTBB was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $11 (2006 - $15). Under this agreement, the MTBB has no further pension liability.

10. Public sector compensation

Pursuant to the disclosure required by The Public Sector Compensation Disclosure Act, no remuneration was paid to Advisory Board members. During the fiscal year ended March 31, 2007, the following employees received compensation in excess of $50.

Name	Position	2007	2006
Lanny Kingerski		-	$78
Denis Labossiere	Controller	$61	$65
Brenda McKinny	Chief Operating Officer	$58	-

11. Financial instruments

The MTBB's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, interest payable, customer deposits and a working capital advance. Unless otherwise noted, it is management's opinion that MTBB is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

12. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

Industrial Technology Centre - An Agency of the Special Operating Agencies Financing Authority

Financial Statements

For the year ended March 31, 2007

BDO Dunwoody LLP/s.r.l.
Chartered Accountants
and Advisors

Comptables agréés
et conseillers

Industrial
Technology
Centre

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(204) 480-3333 (204) 480-0345 1-800-728-7933

May 25, 2007

For the year ended March 31, 2007

The accompanying financial statements of the Industrial Technology Centre are the responsibility of management and have been prepared by ITC in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to May 25, 2007.

Management maintains internal controls designed to indicate responsibility, provide reasonable assurance of the reliability and accuracy of the financial statements, and properly safeguard ITC's assets.

The responsibility of the external audit is to express an independent, professional opinion lending assurance and objectivity as to whether the financial statements of ITC are fairly presented in accordance with Canadian generally accepted accounting principles. The auditors' report outlines the scope of the audit examination and provides the audit opinion.

On behalf of management,

T. F. Cornell

Trevor Cornell
Chief Operating Officer

David Olafson
Manager, Corporate Services

BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

700 - 200 Graham Avenue
Winnipeg Manitoba Canada R3C 4L5
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Auditors' Report

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of the **INDUSTRIAL TECHNOLOGY CENTRE** as at March 31, 2007 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 25, 2007

INDUSTRIAL TECHNOLOGY CENTRE

An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba

Balance Sheet

As at March 31, 2007
(in thousands)

	2007	2006
Assets		
Current		
Cash and funds on deposit with Minister of Finance net of working capital advance (Note 3)	$ 41	$ -
Accounts receivable	327	198
Prepaid expenses	20	41
	388	239
Due from Province of Manitoba (Note 4)	103	103
Capital assets (Notes 2 and 5)	660	737
	$ 1,151	$ 1,079
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 448	$ 255
Severance liability (Note 6)	213	198
	661	453
Equity		
Contributed Equity (Note 7)	62	62
Retained Earnings	428	564
	490	626
	$ 1,151	$ 1,079

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL TECHNOLOGY CENTRE

An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba

Statement of Earnings and Retained Earnings

For the year ended March 31, 2007

(in thousands)	2007	2006
Revenue		
Province of Manitoba	$ 750	$ 600
Fee for service	1,469	1,486
Other	141	105
	2,360	2,191
Operating expenses		
Advertising and promotion	65	56
Amortization	170	152
Audit and legal	7	5
Bad debts	1	4
Building maintenance	39	55
Computer	44	45
Equipment	69	31
Fees and memberships	30	22
Insurance	42	48
Library operations	32	45
Loss on disposal	-	14
Office	49	59
Professional development	39	22
Project supplies and subcontract	56	65
Purchased services	4	4
Rent and property tax	296	186
Salaries and benefits	1,473	1,481
Travel	29	20
Utilities	51	37
	2,496	2,351
Net loss before relocation costs	(136)	(160)
Relocation costs	-	123
Net loss for the period	(136)	(283)
Retained earnings at beginning of period	564	847
Retained earnings at end of period	$ 428	$ 564

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL TECHNOLOGY CENTRE

An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba

Statement of Cash Flow

For the year ended March 31, 2007

(in thousands)	2007	2006
Cash derived from (applied to):		
Operating activities		
Net loss for the period	($ 136)	($ 283)
Items not involving cash		
Amortization	170	152
Loss on disposal	-	14
	34	(117)
Changes in non-cash working capital balances		
Accounts receivable	(129)	50
Prepaid expenses	21	(23)
Accounts payable and accrued liabilities	193	(109)
Severance liability	15	6
	134	(193)
Investing activities		
Acquisition of capital assets	(93)	(422)
Net increase (decrease) in cash and cash equivalents	41	(615)
Cash and cash equivalents at beginning of period	-	615
Cash and cash equivalents at end of period	$ 41	$ -
Represented by:		
Cash and bank	$ 23	$ -
Funds on deposit with the Minister of Finance	18	-
	$ 41	$ -
Interest revenue included in cash flow from operating activities	$ 5	$ 9

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL TECHNOLOGY CENTRE
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Notes to the Financial Statements
For the year ended March 31, 2007
(in Thousands)

1. Nature of Organization

The Industrial Technology Centre (ITC) was established in 1979 under "Enterprise Manitoba", a joint Federal/Provincial cost-shared funding agreement. ITC was managed by the Manitoba Research Council until September 1992 when responsibility for ITC was transferred to the Economic Innovation & Technology Council (EITC). ITC was created as a technical resource for Manitoba industry and government and continues to provide a wide range of technical services to both the private and public sectors.

Effective April 1, 1996, ITC was designated as a Special Operating Agency under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M., and operates under a charter approved by the Lieutenant Governor in Council. ITC operates as part of Manitoba Science, Technology, Energy and Mines under the general direction of the Deputy Minister.

ITC is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances ITC through working capital advances. The financial framework allows the Agency to operate in a business-like manner, which is facilitated by SOA status.

A Management Agreement between SOAFA and the Minister of Science, Technology, Energy and Mines assigns responsibility to the Agency to manage and account for the Agency-related assets and operations on behalf of SOAFA.

An Economic Development Contribution Agreement between ITC and Manitoba Science, Technology, Energy and Mines defines expected public policy benefits generated from ITC's operations.

ITC has full delegated authority for all administrative, financial and operational matters. This delegation is subject to any limitations, restrictions, conditions and requirements imposed by legislation or by the Minister.

INDUSTRIAL TECHNOLOGY CENTRE
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Notes to the Financial Statements
For the year ended March 31, 2007
(in Thousands)

2. Significant Accounting Policies

Basis of reporting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Capital assets

Capital assets are recorded at cost. Amortization, intended to write off the assets over their estimated useful lives, is recorded at the following annual rates and methods:

Furniture and fixtures	20%, declining balance
Office and laboratory equipment	20%, declining balance
Computer equipment and software	20%, straight-line
Leasehold improvements	10%, straight-line

Government Assistance

Non-repayable government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets.

Financial instruments

The Agency's financial instruments consist of cash and funds on deposit, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Revenue recognition

Province of Manitoba funding is recognized over the term for which it applies. Fees for service are recognized as the service is performed.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Working Capital Advance

The Agency has an authorized line of working capital advances up to a maximum of $300. As at March 31, 2007 working capital advances were nil (2006 – nil). The line bears interest at prime less 1% and is not secured by specific assets.

4. Due from Province of Manitoba

The Province has accepted responsibility for the severance benefits accumulated by ITC's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 calculated at $103 was completely offset by a receivable from the Province. The receivable from the Province, or portion thereof, for the Industrial Technology Centre, will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of the Industrial Technology Centre.

5. Capital Assets

	2007		2006	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and fixtures	$ 10	$ 4	$ 10	$ 3
Office and laboratory equipment	955	651	932	581
Computer equipment and software	657	473	592	393
Leasehold improvements	191	25	186	6
	$ 1,813	$ 1,153	$ 1,720	$ 983
Net book value	$ 660		$ 737	

The Agency has entered into an agreement with the Vehicle Technology Centre (VTC) whereby the purchase of a capital asset with a value of $119 would be paid for by VTC, with no specified repayment terms. The assistance to be received is currently in Accounts Receivable and offset against the asset value.

6. Severance Pay Benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Industrial Technology Centre's actuarially determined net liability for accounting purposes as at March 31, 2007 was $213 (2006 - $198). Commencing in the 2006 fiscal year the actuarial gain of $76 is being amortized over the 15 year expected average remaining service life of the employee group.

7. Contributed Equity

A Transfer Agreement between the Special Operating Agencies Financing Authority (SOAFA) and Manitoba affected a transfer of capital assets, current assets and current liabilities from Manitoba to SOAFA as at March 31, 1996. Net assets in the amount of $124 were transferred to continue the operations of ITC. ITC has repaid SOAFA the debt portion of $62 (50% of the value of the net assets) and recorded the remaining $62 (50% of the value of the net assets) as Manitoba's equity in SOAFA as related to the Agency's operations.

8. Commitment

The Agency has entered into a lease agreement for the rental of a building at Smartpark, with space of 24,118 square feet. Of this space, ITC occupies 19,032 square feet, with 5,086 square feet being sublet to the Composites Innovation Centre (CIC). Occupancy costs pertaining to the CIC will be recoverable from them. This ten-year lease requires future lease payments as follows:

	ITC	CIC	Total
FY 2007/08	174	47	221
FY 2008/09	184	49	233
FY 2009/10 - FY 2014/15	189	51	240
FY 2015/16 (7 mos)	110	30	140

9. Pension Benefits

In accordance with the provisions of the Civil Service Superannuation Act, employees of the Centre are eligible for pension benefits under the Civil Service Superannuation Fund. This pension plan is a defined benefit plan, which requires the Centre to contribute an amount equal to the employee's contribution to the Fund for current services. The amount contributed and expense by the Centre for 2007 is $71 (2006 - $73).

The Centre has no further liability associated with the annual cost of pension benefits earned by the Centre's employees.

10. Related Party Transactions

The Agency is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business.

11. Public Sector Compensation

Pursuant to The Public Sector Compensation Disclosure Act, the following employees of ITC have received compensation of $50 or more, including benefits and severance payments, in the year ended March 31, 2007:

		2007	2006
Cornell, T.	Executive Officer 1	$ 107	$ 108
Dearth, B.	Librarian 3	56	57
Fredette, D.	Tech. Eng. Off. 2	61	64
Godin, D.	Tech. Eng. Off. 1	53	53
Kellington, D.	Engineer 5	68	73
Kojic, D.	Tech. Eng. Off. 1	57	59
McKendry-Smith, S.	Scientist 1	60	60
Olafson, D.	Financial Officer 6	73	73
Park, J.	Engineer 5	83	86
Peters, T	Scientist 1	60	58
Pizey, G.	Engineer 4	73	76
Robak, A.	Tech. Eng. Off. 1	52	54
St. Jean, D.	Eco. Dev. Consultant 4	82	83
Semegen, M.	Eco. Dev. Consultant 4	82	83
Thomlinson, M.	Engineer 4	71	71

The Public Trustee of Manitoba
An Agency of the
Special Operating Agencies
Financing Authority
Province of Manitoba

Financial Statements
March 31, 2007

Public Trustee
of Manitoba

155 Carlton St. Suite 500
Winnipeg, MB R3C 5R9
CANADA

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to July 16, 2007. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of The Public Trustee are properly safeguarded.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Public Trustee has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

Joanna Knowlton
Public Trustee

AUDITOR GENERAL

AUDITORS' REPORT

To the Legislative Assembly of Manitoba,
To the Public Trustee of Manitoba, and
To the Special Operating Agencies Financing Authority

We have audited the balance sheet of The Public Trustee of Manitoba, an Agency of the Special Operating Agencies Financing Authority - Province of Manitoba, as at March 31, 2007 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Public Trustee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
July 16, 2007

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

BALANCE SHEET
(In Thousands)
AS AT MARCH 31, 2007

ASSETS

	2007	2006
Current		
Cash	$ 139	$ 41
Accounts receivable (Note 3)	856	799
Prepaid expenses	3	5
Short-term investments with Minister of Finance	1,360	1,590
	2,358	2,435
Receivable from Province of Manitoba (Note 4)	515	515
Capital Assets (Note 5)	144	132
	$ 3,017	$ 3,082

LIABILITIES

	2007	2006
Current		
Accounts payable and accrued liabilities (Note 6)	$ 423	$ 412
Severance pay benefits (Note 15)	468	474
	891	886

EQUITY

	2007	2006
Revenue stabilization reserve (Note 14)	500	500
Retained earnings	1,626	1,696
	2,126	2,196
	$ 3,017	$ 3,082

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF INCOME AND RETAINED EARNINGS
(In Thousands)
YEAR ENDED MARCH 31, 2007

	2007	2006
Revenue		
Fees (Note 8)	$ 5,186	$ 5,374
Interest	71	47
Other	101	104
	5,358	5,525
Expenses		
Amortization of capital assets	35	32
Accommodation costs (Note 10)	356	352
Other administration expenses (Note 9)	876	857
Salaries and benefits	4,019	3,826
Pension benefits (Note 16)	142	155
	5,428	5,222
Net Income (Loss)	(70)	303
Retained earnings, beginning of year	1,696	1,393
Retained earnings, end of year	$ 1,626	$ 1,696

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2007

	2007	2006
Cash derived from (applied to)		
Operating		
Net income	$ (70)	$ 303
Items not involving cash		
Amortization of capital assets	35	32
	(35)	335
Change in		
Accounts receivable	(57)	(31)
Prepaid expenses	2	0
Accounts payable and accrued liabilities	11	(136)
	(79)	168
Investing		
Acquisition of capital assets	(47)	(34)
Financing		
Severance pay benefits	(6)	56
Net increase in cash and cash equivalents	(132)	190
Cash and cash equivalents		
Beginning of year	1,631	1,441
End of year	$ 1,499	$ 1,631
Cash and cash equivalents consist of:		
Cash	$ 139	$ 41
Short-term investments with Minister of Finance	1,360	1,590
	$ 1,499	$ 1,631

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2007

1. Nature of organization

The Public Trustee protects the interests of Manitobans by providing trust, legal, financial and personal services on a last resort basis to people who are mentally incompetent, under the age of majority, or whose estates would otherwise be unadministered upon their death.

Effective April 1, 1996, The Public Trustee was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The Public Trustee is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Public Trustee operations. It finances The Public Trustee through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating Agency status, assists The Public Trustee to sustain the provision of high quality service to her clients.

A Management Agreement between SOAFA and the Minister of Justice assigns responsibility to The Public Trustee to manage and account for Public Trustee related assets and operations on behalf of SOAFA.

The Public Trustee continues to be part of Manitoba Justice. The Public Trustee is a corporation sole with perpetual succession. As a corporate entity, The Public Trustee functions separately from government and is capable of suing or being sued on behalf of the clients, trusts and estates which are administered by her.

The Public Trustee remains bound by relevant legislation and regulations. The Public Trustee is also bound by administrative policy except where specific exemptions have been provided for in her charter in order to meet business objectives.

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2007

2. Significant accounting policies

a) Basis of reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

b) Revenue recognition

i. Administration fees are charged to client accounts quarterly based on the anniversary date of the account in accordance with provisions of *The Public Trustee Act*. The fees revenue recognized in a year consists of all fees charged, accruals and adjustments made to accounts.

ii. Other fees are recognized as revenue when charged to an account and could be subject to adjustment on closing.

iii. Statutory fees are recognized as revenue when received.

c) Capital assets

Capital assets are recorded at cost and are amortized annually at the following rates and methods:

Furnishings and equipment - 20%, declining balance

Computer equipment and software - 20%, straight-line, 10% in year of acquisition, software purchases less than $1 are expensed in year of acquisition

Leasehold improvements - 20%, straight-line

d) Use of estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

e) Financial instruments

The Agency's financial instruments consist of cash, accounts receivable, investments, and accounts payable. It is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2007

3. Accounts receivable

	2007	2006
Fees receivable	$ 827	$ 786
Allowance for doubtful accounts	(35)	(34)
	792	752
Interest receivable	8	6
Miscellaneous receivable	41	26
Advances to client accounts	9	9
Cost recoveries	6	6
	$ 856	$ 799

4. Receivable from Province of Manitoba

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency in the amount of $219 and for severance entitlements earned by employees to March 31, 1998 in the amount of $296. This receivable, or portion thereof, for The Public Trustee, will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of The Public Trustee.

5. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furnishings & equipment	$ 293	$ 199	$ 290	$ 177
Computer equipment & software	109	79	90	71
Leasehold Improvements	25	5	0	0
	$ 427	$ 283	$ 380	$ 248
Cost less accumulated amortization		$ 144		$ 132

6. Accounts payable and accrued liabilities

	2007	2006
Operating expenses payable	$ 43	$ 50
Salaries and benefits payable	10	0
Vacation entitlements earned	338	330
GST payable to Canada Revenue Agency	32	32
	$ 423	$ 412

7. Working capital

The Agency has an authorized line of working capital of $1,000 through SOAFA, which was unused and available at March 31, 2007.

8. Fees revenue

	2007	2006
Administration	$ 4,458	$ 4,710
Legal	283	238
Income tax	273	264
Inspection	172	162
	$ 5,186	$ 5,374

9. Other Administration expenses

	2007	2006
Computer expenses	$ 462	$ 476
Courier charges	5	4
Insurance, loss, damage	33	20
Office supplies	55	44
Other	11	10
Personnel	27	21
Photocopy	10	12
Postage	51	53
Professional fees	40	35
Publications	4	5
Public communications	23	16
Records Centre Charges	16	18
Rentals, equipment	3	4
Repairs and maintenance	4	7
SAP costs	7	7
Support services - Department of Justice	21	21
Telephone	50	50
Travel	54	54
	$ 876	$ 857

10. Commitments

The Public Trustee has an arrangement with the Province of Manitoba, through the Department of Infrastructure and Transportation, for rental of its facilities at 155 Carlton Street in Winnipeg and its facility in the Provincial Building in Brandon. Accommodation costs are estimated to be $359 for the year ended 2007/2008.

11. Related party transactions

The Agency is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

12. Escheats to the Crown

Escheats to the Crown, received by The Public Trustee during the year and remitted to the Minister of Finance, amounted to $41 (2006 - $72). These amounts are not reflected in these financial statements.

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS

(In Thousands)

MARCH 31, 2007

13. Estates and trusts under administration

The client assets under administration at March 31, 2007 total approximately $185,000 (2006 - $177,000). The trust activities of The Public Trustee are reported in separate Estates and Trusts under Administration financial statements.

14. Revenue stabilization reserve

The Public Trustee has allocated a reserve out of retained earnings to provide for short-term fluctuations in revenue due to changes in revenue patterns or extraordinary expenses.

15. Severance pay benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Public Trustee's actuarially determined net liability for accounting purposes as at March 31, 2007 was $468 (2006 - $474). Commencing in the 2006 fiscal year the actuarial loss of $113 is being amortized over the 15 year expected average remaining service life of the employee group.

16. Pension benefits

Employees of The Public Trustee are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including The Public Trustee, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, The Public Trustee transferred to the Province the pension liability for her employees. Commencing April 1, 2001, The Public Trustee was required to pay to the Province an amount equal to her employees' current pension contributions. The amount paid for 2007 was $142 (2006 - $155). Under this agreement, The Public Trustee has no further pension liability.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

NOTES TO FINANCIAL STATEMENTS
(In Thousands)
MARCH 31, 2007

17. Public Sector Compensation Disclosure Act

It is a requirement of *The Public Sector Compensation Disclosure Act* that annual public disclosure be made of individual compensation in an amount exceeding $50 annually to any officer or employee of the Agency. For the year ended March 31, 2007, the following employees received compensation in excess of $50:

Employee	Position	Amount
Bolton, M. Anne Q.C.	Senior Legal Officer	$ 120
Clark, Dwane	Estates Officer 3	53
Darrach, Bruce	Information Technologist 3	69
Fergusson, John	Legal Counsel 3	110
Hyman, Brian	Legal Counsel 1	56
Kihn, Shirley	Estates Officer 3	53
Knowlton, Joanna	Legal Counsel 3	111
Kozusko, Norman	Information Technologist 4	76
Matyi, Angele	Estates Officer 3	52
Mosley, James	Estates Officer 3	53
Regier, Barbara	Estates Officer 3	53
Sallans, David	Management Analyst 3	54
Samagalski, Michelle	Estates Officer 3	52
Schirmer, Maureen	Estates Officer 3	52
Shapiro, Laurie	Estates Officer 4	57
Sohor, Richard	Finance Officer 6	50
Taylor, Jana	Legal Counsel 1	61
Tessier, Rachelle	Estates Officer 4	58
Winning, Marla	Estates Officer 4	58

OFFICE OF THE FIRE COMMISSIONER

Financial Statements

For the year ended March 31, 2007

BDO Dunwoody LLP/s.r.l.
Chartered Accountants
and Advisors

Comptables agréés
et conseillers

OFFICE of the FIRE COMMISSIONER

Management's Report

For the year ended March 31, 2007

The accompanying financial statements of the Office of the Fire Commissioner are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within the reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to May 11, 2007.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Office of the Fire Commissioner are properly safeguarded.

The responsibility of the auditor is to express an opinion of whether the financial statements of the Office of the Fire Commissioner are fairly presented in accordance with Canadian generally accepted accounting principles. The auditor's report outlines the scope of the audit examination and provides the audit opinion.

On behalf of management,

Douglas M. Popowich
Fire Commissioner

Christopher L. Jones
Deputy Fire Commissioner

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Auditors' Report

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of the **Office of the Fire Commissioner** as at March 31, 2007 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The budget figures presented in the Statement of Operations are unaudited.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 11, 2007

OFFICE OF THE FIRE COMMISSIONER - An Agency Of The Special Operating Agencies Financing Authority
Balance Sheet

March 31	2007	2006
	(000's)	
Assets		
Current Assets		
Cash	$ 5,263	$ 6,895
Short-term investments (Note 3)	2,400	-
Accounts receivable (Note 4)	471	657
Accrued interest	6	-
Inventory	-	18
Prepaid expenses	57	55
	8,197	7,625
Non-Current Assets		
Due from Province of Manitoba - Severance (Note 5)	311	311
Due from Province of Manitoba - Vacation Pay (Note 6)	248	248
Capital assets (Note 7)	5,464	5,703
	6,023	6,262
	$ 14,220	$ 13,887
Liabilities and Equity		
Current Liabilities		
Accounts Payable	$ 193	$ 405
Accrued Liabilities	490	508
Deferred Revenue	272	374
	955	1,287
Non-Current Liabilities		
Severance Liability (Note 8)	388	358
Deferred Contributions (Note 11)	519	547
	907	905
Equity		
Contributed Capital (Note 9)	11,279	11,279
Water Bomber Reserve Fund (Note 12)	200	200
Canine Training Reserve Fund (Note 13)	25	-
Retained Earnings	854	216
	12,358	11,695
	$ 14,220	$ 13,887

Approved on behalf of the Special Operating Agency Advisory Board:

Chairperson

Fire Commissioner

The accompanying notes form an integral part of these financial statements.

OFFICE OF THE FIRE COMMISSIONER - An Agency Of The Special Operating Agencies Financing Authority
Statement of Retained Earnings (Deficiency)

March 31		2007		2006
		(000's)		
Opening Balance	$	216	$	(13)
Add: Net Income for the Year		663		329
Less: Water Bomber Reserve Fund Allocation (Note 12)		-		(100)
Canine Training Reserve Fund Allocation (Note 13)		(25)		-
Closing Balance	$	854	$	216

he accompanying notes form an integral part of these financial statements.

OFFICE OF THE FIRE COMMISSIONER - An Agency Of The Special Operating Agencies Financing Authority
Statement of Operations

For the year ended March 31

(000's)

		2007 Actual		2006 Actual		Variance		Budget (Unaudited)		Budget Variance
Revenue										
Levy	$	5,119	$	4,866	$	253	$	4,829	$	290
Codes and standards		2,141		1,376		765		1,338		803
Tuition and contract revenue		913		923		-10		1,330		-417
Interest		138		92		46		100		38
JEPP capital grant (Note 11)		108		116		-8		-		108
Emergency services conference		108		94		14		107		1
Grant - Health		90		360		-270		-		90
JEPP initiative grant (Note 11)		81		173		-92		180		-99
Other revenue		72		69		3		50		22
New SAR Initiative (NIF) Grant (Note 10)		30		58		-28		50		-20
Fire inspections, investigations and reports		21		11		10		15		6
Gain on asset disposition		5		-		5		-		5
Rent		4		3		1		-		4
Book sales		-		-		-		15		-15
Insurance settlement		-		111		-111		-		-
		8,830		8,252		578		8,014		816
Expenses										
Salaries and benefits		4,281		4,215		66		4,429		-148
Amortization		721		535		186		639		82
Travel		435		358		77		280		155
Vehicle lease		389		403		-14		365		24
Supplies		334		368		-34		250		84
Repairs and maintenance		327		330		-3		300		27
Professional services		226		175		51		92		134
Rent		221		190		31		184		37
Desktop management		192		324		-132		200		-8
Communications		170		158		12		150		20
Mutual Aid		141		109		32		125		16
Property taxes		135		45		90		123		12
Insurance		106		105		1		108		-2
Labour services		95		81		14		96		-1
Utilities		82		82		-		70		12
Fuel - Owned vehicles		61		-		61		-		61
Public education material		50		35		15		40		10
Postal and courier		39		44		-5		38		1
Publications		35		24		11		22		13
Professional development		30		14		16		31		-1
Emergency response		25		43		-18		100		-75
Other		22		31		-9		50		-28
Marketing		20		19		1		16		4
Clothing		20		-		20		-		20
Memberships and subscriptions		6		-		6		-		6
Photofinishing		2		2		-		-		2
S.O.A. Board		2		1		1		-		2
Medical computer lab		-		6		-6		-		-
Land lease		-		10		-10		-		-
Buildings standards board		-		-		-		5		-5
New SAR initiative (NIF) expenditures		-		54		-54		50		-50
JEPP and HUSAR initiative expenditures		-		54		-54		240		-240
JEPP and HUSAR initiative amortization		-		108		-108		-		-
		8,167		7,923		244		8,003		164
Net income for the year	$	663	$	329	$	334	$	11	$	652

The accompanying notes form an integral part of these financial statements.

1. NATURE OF THE OFFICE OF THE FIRE COMMISSIONER

Effective April 1, 1996, the Office of the Fire Commissioner was designated as a Special Operating Agency (SOA) under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 1996, a Transfer Agreement executed between the Government of Manitoba (Labour) and the Financing Authority, a corporation under The Special Operating Agencies Financing Authority (SOAFA) Act, transferred all assets in the Fires Prevention Fund valued at $11,809 to the Financing Authority.

A Management Agreement executed between the Financing Authority and the Government of Manitoba (Labour) assigned responsibility to the Office of the Fire Commissioner to manage and account for the related assets and operations on behalf of the Financing Authority. The Office itself does not hold title to any assets. Effective April 1, 1996, the Financing Authority established a fund account referred to as the Fires Prevention Fund to hold these assets.

The Office of the Fire Commissioner will continue to be part of the Department of Labour and Immigration and ultimately under the policy direction of the Minister of Labour and Immigration.

The Office of the Fire Commissioner will remain bound by relevant legislation and regulations. It will also remain bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Office of the Fire Commissioner is economically dependent on the Province of Manitoba, as it derives most of its revenues from the Fires Prevention Levy.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are presented in accordance with Canadian generally accepted accounting principles.

b) Financial Instruments

The Agency's financial instruments consist of cash, investments, accounts receivable, accrued interest, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Accounting Estimates and Assumptions

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

d) Inventory

Inventory is valued at cost.

e) Capital Assets

Buildings, fire engines, other vehicles and air compressors transferred to the SOAFA from the Government of Manitoba on April 1, 1996 were valued at the lower of their amortized cost or estimated market value. All other assets transferred from the Government of Manitoba on April 1, 1996 were valued at their market value.

The Office provides for amortization of its capital assets on the following basis:

Buildings	5% declining balance
Practical training site	10% declining balance
Equipment	20% declining balance
Fire engines	30% declining balance
Other vehicles	30% declining balance
Air compressors	20% declining balance
Furniture	20% declining balance
Computer equipment and software	30% declining balance

f) Revenue Recognition

The Fires Prevention Act imposes a special assessment on licensed insurers equal to a set percentage of total property insurance premiums.

The Office of the Fire Commissioner collects this levy based on the value of premiums and assessments in respect to property insurance in a calendar year. Levy revenue with respect to the 2006 calendar year will be recognized as revenue in the fiscal year ending March 31, 2007. The levy rate is set at 1.25%.

Codes and standards, conference, and tuition and contract revenue is recognized when earned and when collectibility is reasonably assured. Grant revenue is recognized as revenue when receivable. Grant revenue received for the purchase of capital assets is deferred and recognized as revenue in the same fiscal year and at the same rate as the amortization expense of the related capital assets.

3. INVESTMENTS

The Investment Balance represents funds on deposit with the Department of Finance of the Province of Manitoba with maturities of less than one (1) year.

4. ACCOUNTS RECEIVABLE

The accounts receivable balance is made up of the following:

	2007	2006
Department of Finance – Province of Manitoba	$ 67	$ 258
Public Safety and Emergency Preparedness Canada	342	363
Other	62	36
	$ 471	$ 657

5. LONG-TERM SEVERANCE RECEIVABLE AND LIABILITY

The Province has accepted responsibility for the severance benefits accumulated by the Office of the Fire Commissioner's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 of $282 was completely offset by a receivable from the Province. An actuarial valuation report of the Agency's severance liability as at March 31, 2000 was completed and as a result the receivable from the Province was restated to $311. The receivable from the Province, or portion thereof, for the Office of the Fire Commissioner will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

6. VACATION PAY RECEIVABLE

Effective March 31, 1996, the Office of the Fire Commissioner commenced recording the estimated liability for vacation pay for its employees. The amount of the estimated liability is determined on March 31 of each year based on eligible vacation entitlements.

The Province of Manitoba has accepted responsibility for the vacation pay benefits accumulated to March 31, 1996 by the Office of the Fire Commissioner's employees. Accordingly, the Office of the Fire Commissioner recorded, effective March 31, 1996, a receivable of $248 from the Province of Manitoba, which is an amount that is equal to the estimated liability for vacation pay benefits at March 31, 1996.

This receivable from the Province of Manitoba has no terms of repayment and, accordingly, the amount of this receivable will remain fixed at $248.

March 31, 2007 (000's)

7. CAPITAL ASSETS

	Opening Balance	Additions	Disposals	Closing Balance
Buildings	$ 4,056	$ 30	$ -	$ 4,086
Training site	2,031	10	-	2,041
Training site - JEPP	171	32	-	203
Equipment	1,467	144	7	1,604
Equipment – JEPP	715	49	-	764
Fire engines	989	-	-	989
Other vehicles	243	148	16	375
Other vehicles – JEPP	40	-	-	40
Air compressors	335	50	-	385
Furniture	70	-	-	70
Computers	331	24	-	355
Computers – JEPP	13	-	-	13
Total cost	$ 10,461	$ 487	$ 23	$ 10,925

	Opening Accumulated Amortization	Disposition	Current Year's Amortization	Accumulated Amortization
Buildings	$ 1,188	$ -	$ 145	$ 1,333
Training site	766	-	128	894
Training site - JEPP	9	-	19	28
Equipment	1,034	3	115	1,146
Equipment – JEPP	350	-	83	433
Fire engines	692	-	89	781
Other vehicles	219	15	51	255
Other vehicles – JEPP	26	-	4	30
Air compressors	220	-	33	253
Furniture	61	-	1	63
Computers	186	-	51	237
Computers – JEPP	7	-	2	9
Total Amortization	$ 4,758	$ 18	$ 721	$ 5,461
Net Capital Assets	$ 5,703			$ 5,464

8. SEVERANCE LIABILITY

Effective April 1, 1998, the Office of the Fire Commissioner began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining life of the related employee group.

An actuarial report was completed for the severance pay liability as at March 31, 2005. The report provides a formula to update the liability on an annual basis. The Office of the Fire Commissioner's actuarially determined net liability for accounting purposes as at March 31, 2007 is $388 (2006 - $358).

9. CONTRIBUTED CAPITAL

In consideration of the transfer of said assets effective April 1, 1996, the SOAFA shall:

a) not incur or repay to the Government of Manitoba any debt relative to the assets as described in the balance sheet prepared as of March 31, 1996 and verified by the Department of Finance; and

b) record the balance of $11,038 (being the balance of the net assets as described in the balance sheet prepared as of March 31, 1996 and verified by the Department of Finance) as Manitoba's equity in the Financing Authority as related to the Agency's operations.

Due to a change in accounting policy, buildings were being amortized over 40 years as opposed to 30 years. This has resulted in a revaluation of buildings as at April 1, 1996. The value of buildings and contributed equity has increased $241 as at April 1, 1996 to $11,279.

10. NEW SEARCH AND RESCUE (SAR) INITIATIVE (NIF)

On a quarterly basis, the Office of the Fire Commissioner applies for a grant from the National Search and Rescue Secretariat of the Department of National Defence. The purpose of this grant is to enhance Manitoba search and rescue capabilities by developing the volunteer search and rescue system aimed at northern and remote areas of Manitoba.

The New SAR Initiative (NIF) Grant line item reflects the grant received for the year ended March 31, 2007 of $30 ($58 in 2006).

11. JOINT EMERGENCY PREPAREDNESS PROGRAM (JEPP) GRANT

The Office of the Fire Commissioner applies for grants from the Office of Critical Infrastructure Protection and Emergency Preparedness. The two purposes of these grants are to enhance the Province of Manitoba's ability to respond to hazardous material and heavy urban search and rescue emergency responses through the provision of equipment and training.

JEPP operating grant revenue for the year ended March 31, 2007 is $81 ($173 in 2006). An amount of $108 was taken into revenue from the deferred revenue account for the amortization of the JEPP assets for the year ended March 31, 2007 ($116 in 2006).

JEPP capital assets in the amount of $81 have been purchased in the year ended March 31, 2007 ($182 in 2006). JEPP deferred revenue is equal to the net book value of assets purchased with JEPP capital grants. JEPP deferred revenue as at March 31, 2007 is $519 ($547 in 2006).

12. WATER BOMBER RESERVE FUND

The Agency received approval from Treasury Board in Fiscal 2005 to establish a special reserve fund for water bomber fire suppression activities. This fund is capped at an amount of $200 and will be utilized to cover the costs associated with water bomber deployment for non-forest fire incidents occurring on Rural Municipality property. As at March 31, 2007, the agency has allocated a total of $200 to this fund from its Retained Earnings account.

13. CANINE TRAINING RESERVE FUND

The Agency established a special reserve fund for replacing and training a rescue dog. The total cost to train a dog is estimated at $40 and the average time a dog spends in service is six years. For the year ended March 31, 2007, the agency allocated $25 to this fund from its retained earnings. Allocations of $7.5 per year will be made to the fund over the next two years to cap the fund at $40. In the third year an annual allowance of $7.5 will be included in the agency's operating budget. Once this fund has been used it will be discontinued.

14. COMMITMENTS AND CONTINGENCIES

The Office of the Fire Commissioner as tenant has entered into a Lease Agreement with the City of Brandon as Landlord for the land upon which the practical training facility has been constructed. The term of the lease is five (5) years commencing June 1, 2002 and expiring May 31, 2007, with three (3) five-year renewal options. Minimum annual rent is $10 due on equal monthly instalments, plus all operating costs with respect to the subject land.

The Office of the Fire Commissioner has entered into vehicle leases which give rise to commitments as follows:

March 31	
2008	$ 183
2009	151
2010	97
2011	55
2012	33

15. Public Sector Compensation

Pursuant to disclosure required by The Public Sector Compensation Disclosure Act, no remuneration was paid to the Advisory Board Members. During the fiscal year ended March 31, 2007, the following employees received compensation of wages and taxable benefits of $50 or more:

Name	Position	2007	2006
D Popowich	Fire Commissioner	$ 95	$ 96
K Swan	Investigator	89	93
R Bridges	Emergency Services Officer	88	79
W Harrow	Investigator	85	95
C Jones	Deputy Fire Commissioner	82	80
D Singleton	Emergency Services Officer/Instructor	81	71
C Hogarth	Investigator	80	80
D Schafer	Manager, Operations West	80	79
G Favelle	Manager, Critical Incident Stress Management	78	77
R Vandekerkhove	Manager, Operations East	77	82
K Carmichael	Emergency Services Officer	70	69
M Bedford	Emergency Services Officer	68	71
D Beacham	Acting Manager, Codes and Standards	67	-
R Harvey	Coordinator, Rescue Programs	66	62
R Gillis	Emergency Services Officer	65	68
R Pike	Coordinator, Public Fire Paramedic Program	65	65
K Lanceley	Emergency Services Officer	64	60
K Kroeker	Emergency Services Officer/Instructor	64	52
R Denslow	Emergency Services Officer	63	66
G Giesbrecht	Emergency Services Officer/Instructor	63	54
S Fisher	Emergency Services Officer/Instructor	63	53
T Praznik	Emergency Services Officer/Instructor	62	54
M Jackson	Emergency Services Officer	61	65
B Popko	Manager, Manitoba Emergency Services College	61	59
L Oliver	Coordinator, Emergency Medical Programs	61	-
A Gray	Emergency Services Officer	60	59
T Grimshaw	Codes and Standards Officer	59	60
K Hykawy	Codes and Standards Officer	59	60
T Jennings	Codes and Standards Officer	59	60
J Wedge	Codes and Standards Officer	59	60
S Wolf	Codes and Standards Officer	59	60
B Hollier	Manager, Administration and Support Services	58	59
G Winder	Emergency Services Officer/Instructor	58	55
K Oman	Codes and Standards Officer	58	-
M Kerbis	Emergency Services Officer/Instructor	56	57
S Dufresne	Emergency Services Officer/Instructor	56	54
A Campbell	Codes and Standards Officer	55	54
K Giersch	Emergency Services Officer/Instructor	55	-
K Danino	Public Education Officer	53	53
D Franchewski	Emergency Services Officer	51	-
J Lebel	Manager, Special Projects	-	76
J Tabin	Curriculum Development Officer	-	58
B Graham	Codes and Standards Officer	-	54
B Hodge	Comptroller	-	57

16. PENSION BENEFITS

Employees of the Office of the Fire Commissioner are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act, administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Office of the Fire Commissioner, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba the Office of the Fire Commissioner transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Office of the Fire Commissioner was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $174 ($171 in 2006). Under this agreement, the Office of the Fire Commissioner has no further pension liability.

17. CHANGE IN ACCOUNTING ESTIMATE

The organization has revised its estimates regarding the useful lives of some fixed assets. Accordingly, the amortization rates for buildings has changed from 40 years straight line to 5% declining balance, training site has changed from 20 years straight line to 10% declining balance and computer equipment and software has changed from 5 years straight line (with the half-rate rule for additions during the year) to 30% declining balance (with no half-rate rule for additions during the year). This change has resulted in an increase in amortization charge of $60 with a corresponding decrease in net income for the year. Some of the affected capital assets were purchased with grants which have been deferred and are being recognized as revenue in the same year and at the same rate as the amortization expense of the related capital asset. Therefore, this change also resulted in an increase in grant revenue of $8 and a corresponding increase in net income for the year.

18. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

FOOD DEVELOPMENT CENTRE

Financial Statements

Year Ended March 31, 2007

FOOD
DEVELOPMENT
CENTRE
Growing Opportunities in Food

Responsibility for Financial Reporting

The Agency is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and results of operations in accordance with generally accepted accounting principles. The financial statements include amounts that are based on management's best estimates and judgments. The Agency's financial statements have been audited by The Exchange Group, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that transactions are authorized, properly recorded and reported, and assets are safeguarded.

The Advisory Board membership resigned during the fiscal year ended and the responsible Minister is in the process of appointing new Board members. In the interim the Deputy Minister in his role as Chairperson of the Advisory Board met regularly with management to review accounting practices, financial reporting, and to discuss audit results. The auditors have free and full access to this board, to discuss the results of their audit and their views on the adequacy of internal controls and the quality of financial reporting.

Barry Todd

Mike Lalla

Barry Todd
Chief Executive Officer and
Deputy Minister
Agriculture, Food and Rural Initiatives

July 18, 2007

Mike Lalla
Manager, Support Services

July 18, 2007

FOOD DEVELOPMENT CENTRE

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Year Ended March 31, 2007

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EXG

THE EXCHANGE

chartered accountants LLP

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Food Development Centre, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2007 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
May 16, 2007

FOOD DEVELOPMENT CENTRE

Balance Sheet

(In Thousands)

March 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash and short-term deposits	$ 337	$ 278
Accounts receivable *(Note 3)*	671	84
Due from Province of Manitoba	269	1,373
Due from Agricultural Research and Development Initiative	525	-
Prepaid expenses and deposits	59	76
Due from Food Safety Initiative	34	-
	1,895	1,811
PLANT AND EQUIPMENT *(Notes 2, 4)*	8,626	8,571
DEPOSIT IN JOINT VENTURE *(Note 5)*	200	200
FUNDS HELD ON DEPOSIT	-	30
SEVERANCE RECEIVABLE FROM PROVINCE OF MANITOBA *(Notes 6, 11)*	41	41
	$ 10,762	$ 10,653
LIABILITIES		
CURRENT		
Working capital payable *(Note 7)*	$ -	$ 332
Accounts payable and accrued liabilities *(Note 8)*	666	389
Accrued vacation payable *(Note 9)*	101	173
Unearned revenue *(Note 2)*	75	204
Due to Functional Food Cluster	3	-
Current portion of long term debt *(Note 10)*	18	18
	863	1,116
LONG TERM DEBT *(Note 10)*	177	195
SEVERANCE LIABILITY *(Note 11)*	88	78
DEFERRED CAPITAL CONTRIBUTIONS *(Notes 2, 12)*	9,256	9,275
	10,384	10,664
EQUITY		
Retained earnings (deficit)	378	(11)
	$ 10,762	$ 10,653

COMMITMENT *(Note 17)*

FOOD DEVELOPMENT CENTRE

Statement of Income and Retained Earnings

(In Thousands)

Year Ended March 31, 2007

	2007	2006
REVENUE		
Grants - Province of Manitoba	$ 2,311	$ 2,427
Fee for service	615	368
Lease income	309	416
Interest and other income	80	35
Amortization of deferred capital contributions *(Note 12)*	590	554
	3,905	3,800
DIRECT OPERATING EXPENSES		
Lab supplies	98	106
Purchased services	221	154
Travel	47	64
Salaries and benefits	1,301	1,379
Postage, courier and telephone	51	71
Printing and stationery	14	13
Marketing	27	77
Library	20	26
Satellite office	4	7
	1,783	1,897
GROSS PROFIT	2,122	1,903
ADMINISTRATIVE EXPENSES *(Schedule 1)*	1,733	2,221
NET INCOME (LOSS)	389	(318)
RETAINED EARNINGS (DEFICIT) - BEGINNING OF YEAR	(11)	307
RETAINED EARNINGS (DEFICIT) - END OF YEAR	$ 378	$ (11)

FOOD DEVELOPMENT CENTRE

Statement of Cash Flows

(In Thousands)

Year Ended March 31, 2007

	2007	2006
OPERATING ACTIVITIES		
Cash receipts from customers	$ 1,145	$ (1,442)
Cash receipts from grants	2,311	2,427
Cash paid to suppliers and employees	(2,253)	(2,415)
Interest received	(525)	32
Interest paid	(122)	(181)
Interest received	11	17
Cash flow from (used by) operating activities	567	(1,562)
INVESTING ACTIVITY		
Purchase of plant and equipment	(698)	(504)
Cash flow used by investing activity	(698)	(504)
FINANCING ACTIVITIES		
Due from Food Safety Initiative	(34)	-
Due to Functional Food Cluster	3	-
Deferred capital contributions	571	1,568
Repayment of long-term debt	(18)	(18)
Cash flow from financing activities	522	1,550
INCREASE (DECREASE) IN CASH	391	(516)
CASH (DEFICIENCY) - BEGINNING OF YEAR	(54)	462
CASH (DEFICIENCY) - END OF YEAR	$ 337	$ (54)
CASH (DEFICIENCY) CONSISTS OF:		
Cash	$ 337	$ 278
Working capital payable	-	(332)
	$ 337	$ (54)

1. NATURE OF ORGANIZATION

Established in 1977, as part of the Manitoba Research Council, the Food Development Centre (the "Centre") serves the agri-food industry by providing a wide range of services in the food, feed and beverage industries. The Centre offers food product development research, testing services and assistance with technology transfer to enable industry to efficiently and economically produce high quality foods.

Effective April 1, 1996, the Centre was designated as a Special Operating Agency by regulation under The Special Operating Agencies Financing Authority Act made by the Lieutenant Governor in Council.

The Centre is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Centre operations. It finances the Centre through repayable loans and working capital advances. The financial framework enables the Centre to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister of Rural Development, being the Minister responsible for the Agency at that time, assigns responsibility to the Centre to manage and account for the Centre related assets and operations on behalf of the Financing Authority.

The Centre is a part of the Department of Agriculture, Food and Rural Initiatives under the general direction of a General Manager and a Chief Executive Officer, and ultimately the policy direction of the Deputy Minister and Minister.

The Centre remains bound by relevant legislation and regulations.

The Centre is economically dependent upon the Province of Manitoba, as it derives a significant portion of its revenue from the Province. The transactions with the Province of Manitoba are recorded at the exchange amount, which is the amount agreed upon by both parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Plant and Equipment

Equipment assumed as part of the conversion to a Special Operating Agency, April 1, 1996 is stated at its estimated fair value as determined by the Province of Manitoba. Plant and equipment are stated at cost less accumulated amortization. Plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Building	15 years	straight-line method
Equipment and sign - expansion project	15 years	straight-line method
Equipment and sign	20%	declining balance method
Computer hardware and software	5 years	straight-line method

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other Assets

Research and development costs are expended as incurred.

Unearned revenue

Unearned revenue represents cash received for projects that were started but not completed by year end.

Revenue Recognition

Fee for service revenue is recognized on the percentage of completion basis and when collection is reasonably assured.

Lease income is recognized as revenue according to the terms of the lease.

All grants received have been recognized as income in the current year.

Funds received from the Province of Manitoba and the Government of Canada for the construction of the new building and purchase of equipment have been treated as deferred capital contributions and will be taken into income to match the amortization of the building and equipment.

3. ACCOUNTS RECEIVABLE

The accounts receivable balance is comprised of the following amounts:

	2007	2006
Trade accounts receivable	**$ 1,975**	$ 1,121
Allowance for doubtful accounts	**(1,304)**	(1,037)
	$ 671	$ 84

4. PLANT AND EQUIPMENT

	Cost	Accumulated amortization	**2007 Net book value**	2006 Net book value
Equipment and sign	$ 3,784	$ 908	**$ 2,876**	$ 2,749
Computer hardware and software	89	75	**14**	16
Building	6,590	854	**5,736**	5,806
	$ 10,463	$ 1,837	**$ 8,626**	$ 8,571

There was a water delivery system failure in October 2005 which required the hot water lines to be replaced at a cost of $270, which is included in the Building cost. Part of the costs may be covered under insurance. However, at year end, there is no certainty as to whether an amount is receivable from the insurance company.

5. DEPOSIT IN JOINT VENTURE

The Centre contributed $200 towards the purchase of a piece of equipment for Great Plains Aseptic Processors Ltd (GPAP). To date, no formal agreement has been finalized as to the revenue sharing arrangement from this piece of equipment.

GPAP and the Centre have committed to negotiating a lease, and having it in place by October 2007 for the period beginning April 1, 2008.

GPAP has committed to obtaining the release of any secured interests and transferring ownership of the piece of equipment, mentioned above, to the Centre. Subsequent to year end, the bank released the secured interest of the equipment. Therefore, it is a matter of obtaining legal documentation regarding the transfer of the equipment. At March 31, 2007, the accounts receivable for GPAP has been reduced to $323,000 to reflect the book value of the equipment that has yet to be transferred. The balance of the receivable is to be forgiven after the transfer of the equipment to the Centre.

6. SEVERANCE RECEIVABLE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for severance pay benefits earned by the employees of the Centre to March 31, 1998. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Centre.

7. WORKING CAPITAL PAYABLE

The Centre has an authorized line of working capital from the Province of Manitoba of $1,000 of which $NIL was used as at March 31, 2007 (2006 - $332 was used).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2007	2006
Trade	$ 514	$ 243
Interest	139	154
Sales tax	13	(8)
	$ 666	$ 389

9. ACCRUED VACATION PAY

The employees of the Centre are entitled to vacation pay in the current year, based on the prior year's employment. A provision for this liability has been recorded in the financial statements.

10. LONG TERM DEBT

		2007		2006
Province of Manitoba loan bearing interest at 5.80% per annum, with annual principal payments of $18 plus interest. The loan matures on April 30, 2017.	$	195	$	213
Amounts payable within one year		(18)		(18)
	$	177	$	195

Principal repayment terms are approximately:

2008	$	18
2009		18
2010		18
2011		18
2012		18

11. SEVERANCE LIABILITY

Effective April 1, 1998, the Centre commenced recording accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of twenty three years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and retires from the Centre. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Centre's employees to March 31, 1998. That responsibility is reflected by a $41 receivable from the Province of Manitoba.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Centre's actuarially determined net liability for accounting purposes as at March 31, 2007 was $88 (2006 - $78). Commencing in the 2006 fiscal year the actuarial gain of $14 is being amortized over the 15 year expected average remaining service life of the employee group.

12. DEFERRED CAPITAL CONTRIBUTIONS

	2007	2006
Balance, beginning of year	$ **9,275**	$ 8,261
Add: Contributions received		
Province of Manitoba	**71**	873
Government of Canada	**500**	695
Less: Amount amortized as revenue	**(590)**	(554)
Balance, end of year	$ **9,256**	$ 9,275

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of equipment and construction of a building. The amortization of contributions is recorded as revenue in the statement of income and retained earnings.

The Centre received a loan from the Province of Manitoba for $2,625 bearing interest at 5.63% per annum, with annual payments of $175 plus interest. The loan matures on May 18, 2019. The loan is to be repaid through future appropriations from the Province of Manitoba and therefore has been treated as a grant and recorded as deferred capital contributions to be consistent with the accounting presentation adopted by the Province of Manitoba.

As the future principal and interest payments will be funded by the Province of Manitoba, the annual principal repayment will be netted against the grant revenue received and the interest payment will be reflected as interest expense. The deferred capital contributions will be brought into income at the same rate as the corresponding building is being amortized.

13. DEFICIENCY IN ASSETS

The Special Operating Agencies Financing Authority and the Manitoba Provincial Government entered into a Transfer Agreement respecting the transfer, from the Provincial Government to the Financing Authority, of the net assets required for the continuing operations of the Centre. As at April 1, 1996, the date of transfer, the liabilities assumed exceeded the value of the assets in the amount of $35. This amount was recorded as the deficit at April 1, 1996.

14. PENSION BENEFIT

In accordance with the provisions of The Civil Service Superannuation Act, employees of the Centre are eligible for pension benefits under the Civil Service Superannuation Fund. This pension plan is a defined benefit plan, which requires the Centre to contribute an amount equal to the employee's contribution to the Fund for current services. The amount contributed and expensed by the Centre in the current year was $70 (2006 - $71).

The Centre has no further liability associated with the annual cost of pension benefits earned by the Centre's employees.

15. PUBLIC SECTOR COMPENSATION DISCLOSURE

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding $50 annually to any officer or employee of the Province of Manitoba. The following employees received compensation in excess of $50:

Utioh, Alphonsus	Process and Product Development Manager	$	**88**
Scott, Pat	General Manager		**70**
Lalla, Mike	Manager, Support Services		**77**
Qi, Jiacheng	Process Development Engineer		**65**
Schmulgen, Markus	Marketing Manager		**78**
Nivet, Meeling	Product Development Team Leader		**64**
Brodie, Ron	Marketing Coordinator		**52**
Henuset, Alana	Product Development Consultant		**52**
Planinich, Javier	Manager, Pilot Plant and Commercial Activities		**69**

16. RELATED PARTY TRANSACTIONS

The following is a summary of the Agency's related party transactions:

		2007		2006
Province of Manitoba				
(Special Operating Agency of the Province of Manitoba)				
Receivable from the Province of Manitoba	**$**	**269**	$	1,373
Grants received		**2,311**		2,427
Capital contribution received		**71**		873
Property taxes paid		**147**		102
Occupancy costs paid		**556**		409

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. COMMITMENT

The Centre is obligated to make payments to Workers Compensation for an employee currently on disability. The total financial impact on the Centre is not determinable since the length of time the payments will be required is unknown.

18. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash and short term deposits, accounts receivable, due from Province of Manitoba, due from Food Safety Initiative, funds held on deposit, severance receivable, working capital payable, accounts payable and accrued liabilities, accrued vacation payable, due to Functional Food Cluster, long-term debt, and severance liability. Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

FOOD DEVELOPMENT CENTRE

Administrative Expenses

(Schedule 1)

Year Ended March 31, 2007

	2007	2006
Accreditation and licensing fees	$ 6	$ 7
Advisory committee fees	-	1
Amortization	641	637
Bad debts	267	975
Computer expenses	64	71
Equipment rentals	76	51
Insurance	52	40
Interest and bank charges	-	1
Interest on long term debt	122	181
Memberships	6	7
Occupancy expenses	556	409
Professional fees	53	14
Property taxes	147	102
Rental	-	2
Repairs and maintenance	65	80
Research and development	3	19
Staff relocation	34	9
Training	10	19
Expense recoveries	(369)	(404)
	$ 1,733	$ 2,221

The Property Registry An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba Financial Statements

(In Thousands)

March 31, 2007

Grant Thornton

The Property Registry
[illegible] Operating Agency of the Province of Manitoba

Office d'enregistrement
des titres et des instruments
Un Organisme de service spécial de la province du Manitoba

e of the Registrar General
nd Chief Operating Officer
e de Le registraire général
et Chef de l'exploitation
[illegible]

Land Titles Offices
Titres fonciers

Brandon Land Titles
Titres fonciers – Brandon
[illegible]

Dauphin Land Titles
Titres fonciers – Dauphin
[illegible]

Morden Land Titles
Titres fonciers – Morden
[illegible]

Neepawa Land Titles
itres fonciers – Neepawa
[illegible] Hamilton Street
[illegible]

Portage Land Titles
Titres fonciers – Portage
[illegible]

Winnipeg Land Titles
tres fonciers – Winnipeg
[illegible]

Surveys Branch
Arpentage
[illegible]

onal Property Registry
Bureau d'enregistrement
ef aux biens personnels
[illegible]

July 13, 2007

Management's report

To the Special Operating Agencies Financing Authority

The accompanying financial statements and the information in the Annual Report are the responsibility of the management of The Property Registry. The financial statements have been prepared in accordance with generally accepted accounting principles and include amounts that are based on management's best estimates and judgments.

In support of its responsibility, management has developed and maintains a system of internal controls designed to provide reasonable assurance that transactions are authorized, financial reporting is reliable, and that assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this Board, if required, to discuss the results of their audit and their views on the adequacy of internal controls and the quality of financial reporting.
The financial statements have been audited by our external auditors, Grant Thornton, who report to the Special Operating Agencies Financing Authority.

On behalf of Management,

Richard M. Wilson, B.A., L.L.B
Registrar General and
Chief Operating Officer

Grant Kernested
A/Director of Finance

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Schedule 2 - Public Sector Compensation Disclosure	11

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of **The Property Registry, an Agency of the Special Operating Agencies Financing Authority - Province of Manitoba** as at March 31, 2007 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Canada
May 4, 2007

Chartered Accountants

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The Property Registry
An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba
Balance Sheet

(In Thousands)

March 31	2007	2006
Assets		
Current		
Cash and short-term investments	$ 11,541	$ 10,504
Customer deposits	1,343	1,262
Accounts receivable (Note 3)	313	493
Prepaid expenses	76	81
	13,273	12,340
Due from Province of Manitoba (Note 4)	1,602	1,602
Capital assets, net of accumulated amortization (Notes 2 and 5)	1,020	632
	$ 15,895	$ 14,574
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 1,211	$ 925
Deferred revenue	1,346	1,270
Land titles assurance fund (Note 6)	24	24
	2,581	2,219
Severance payable (Note 7)	1,448	1,398
	4,029	3,617
Equity		
Retained earnings	11,866	10,957
	$ 15,895	$ 14,574

Commitments (Note 9)

See accompanying notes to the financial statements.

The Property Registry
An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba
Statements of Earnings and Retained Earnings

(In Thousands)

Year Ended March 31	2007	2006
Revenues		
Land transfer tax (Note 10)	$ 38,199	$ 30,953
Fee revenue - Land Titles	16,178	15,073
Fee revenue - Personal Property Registry	5,992	5,877
Cost recoveries and fee waiver (Note 2)	551	784
Interest income	399	257
	61,319	52,944
Less: Tax revenues transferred to Province	(38,199)	(30,953)
	23,120	21,991
Expenses		
Salaries and employee benefits	8,383	8,367
Operating expenses (Schedule 1)	3,930	3,923
Contributed services	228	244
Amortization	281	200
Relocation costs	389	
	13,211	12,734
Net earnings	$ 9,909	$ 9,257

Retained earnings, beginning of year	$ 10,957	$ 8,615
Net earnings	9,909	9,257
Net earnings paid to the Province of Manitoba	(9,000)	(6,915)
Retained earnings, end of year	$ 11,866	$ 10,957

See accompanying notes to the financial statements.

The Property Registry
An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba
Statement of Cash Flows

(In Thousands)

Year Ended March 31	2007	2006
Increase (decrease) in cash and cash equivalents		
Cash flows from (used in) operating activities		
Net earnings	$ 9,909	$ 9,257
Amortization	281	200
	10,190	9,457
Changes in non-cash operating working capital		
Customer deposits	(81)	(86)
Accounts receivable	180	(51)
Prepaid expenses	5	(10)
Accounts payable and accrued liabilities	286	(175)
Deferred revenue	76	93
Land titles assurance fund deposits		1
Severance payable	50	95
	10,706	9,324
Cash flows from (used in) investing activities		
Purchase of capital assets	(669)	(240)
Cash flows from (used in) financing activities		
Obligations under capital lease		(5)
Net earnings paid to the Province of Manitoba	(9,000)	(6,915)
	(9,000)	(6,920)
Net increase in cash and cash equivalents	1,037	2,164
Cash and cash equivalents		
Beginning of year	10,504	8,340
End of year	$ 11,541	$ 10,504

See accompanying notes to the financial statements.

The Property Registry
An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba
Notes to the Financial Statements
(In Thousands)
March 31, 2007

1. Nature of organization

Effective April 1, 1997, the Lieutenant Governor in Council designated The Property Registry as a Special Operating Agency under The Special Operating Agencies Financing Authority Act. The order also directed the Special Operating Agencies Financing Authority (SOAFA) and the Minister of Consumer and Corporate Affairs, being the Minister responsible for the Agency at that time, to enter into a management agreement with respect to The Property Registry. The Property Registry was established to operate the Land Titles and Personal Property Registry offices on a self-sustaining financial basis while providing a standard of service that will meet the needs of its clients.

The Property Registry is part of the Department of Finance under the general direction of the Assistant Deputy Minister for Consumer and Corporate Affairs, who is also Chairperson of The Property Registry's Advisory Board. The Property Registry remains bound by relevant legislation, regulation and administrative policy as specified in its operating charter.

The Property Registry's financial contribution to the Province of Manitoba is included in the Manitoba Estimates of Revenue and Expenditure - Special Operating Agencies.

2. Summary of significant accounting policies

Basis of reporting

The financial statements of the Agency have been prepared in accordance with Canadian generally accepted accounting principles.

Capital assets

Capital assets are recorded at cost and amortization is computed using the straight-line method based on remaining estimated useful lives, after allowance for salvage value, where applicable as follows:

Computer system	20% (10% in year of acquisition)
Office equipment	20%
Leasehold improvements	10%
Equipment under capital lease	20%

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Cost recoveries and fee waiver

Included in revenues are recoveries of costs or fees for services provided to other provincial government offices where no statutory provision precludes cost recovery.

Use of estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Financial instruments

The Agency's financial instruments consist of cash and short-term investments, customer deposits, accounts receivable, prepaid expenses, accounts payable, accrued liabilities, deferred revenue, land titles assurance fund and severance payable. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Revenue recognition

Revenue is recognized when the services have been performed. Investment income is recognized in the year it is received or receivable.

3. Accounts receivable

The following items are included in accounts receivable:

	2007	2006
Trade receivable	$ 227	$ 417
Receivable from government and departments	86	76
	$ 313	$ 493

4. Due from Province of Manitoba

The receivable from the Province of Manitoba is for vacation entitlements earned by the employees of the Agency prior to their designation as a Special Operating Agency on April 1, 1997. It also includes severance pay benefits earned by the Agency employees to March 31, 1998. The balance is comprised of:

	2007	2006
Vacation entitlements	**$ 526**	$ 526
Severance pay benefits	**1,076**	1,076
	$ 1,602	$ 1,602

The timing of the collection of these receivables will vary. The receivable, or portion thereof, for the Agency will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

5. Capital assets

			2007	2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer system	$ 641	$ 350	**$ 291**	$ 204
Office equipment	1,193	680	**513**	194
Leasehold improvements	514	298	**216**	227
Equipment under capital lease	70	70		7
	$ 2,418	$ 1,398	**$ 1,020**	$ 632

6. Land titles assurance fund

Claims for loss as provided for in The Real Property Act are paid from this fund. The Agency's Land Titles Branch is responsible for the collection of deposits and the defence against claims on this fund. Claims in excess of the fund balance are paid out of the Consolidated Revenue Fund of the Province of Manitoba.

7. Severance pay benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2006. The report provides a formula to update the liability on an annual basis. The Property Registry's actuarially determined net liability for accounting purposes as at March 31, 2007 was $1,448 (2006 - $1,398). Commencing in the 2007 fiscal year the actuarial loss of $40 is being amortized over the 15 year expected average remaining service life of the employee group.

8. Pension benefits

Employees of The Property Registry are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including The Property Registry, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, The Property Registry transferred to the Province the pension liability for its employees.

Commencing April 1, 2001, The Property Registry was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $331 (2006 - $348). Under this agreement, The Property Registry has no further pension liability.

9. Commitments

The Agency has entered into a Memorandum of Understanding with Manitoba Infrastructure and Transportation (MIT) to lease its premises. The accommodation charges are established annually by MIT, and are based on its approved budget.

The Agency has also entered into agreements to lease equipment. These agreements carry various terms and conditions.

The estimated minimum lease payments for the premises and equipment in aggregate for each of the next five years are as follows:

	Premises	Equipment	Total
2008	$ 954	$ 129	$ 1,083
2009	983	129	1,112
2010	1,012	129	1,141
2011	1,042	129	1,171
2012	1,073	129	1,202
Total minimum lease payments	$ 5,064	$ 645	$ 5,709

10. Land transfer tax

Land transfer tax is administered and collected by The Property Registry. Tax collected less refunds issued is remitted to the Consolidated Revenue Fund of the Province of Manitoba. Adjustments and refunds of land transfer tax are paid out of the Department of Finance under the advice of the Registrar General.

11. Working capital advance

The Property Registry has an authorized line of working capital advance of $1,000 that was not utilized as of March 31, 2007 (2006: $Nil).

The Property Registry

Schedule 1

An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba

Operating Expenses

(In Thousands)

Year Ended March 31,	2007	2006
Better Systems Initiative	$ 1,223	$ 1,270
Computer processing	365	379
Department services	68	68
Desktop services	428	377
Equipment lease	84	74
Interest and bank charges	30	34
Occupancy costs	763	688
Office supplies and printing	155	148
Postage and delivery	114	115
Professional fees	79	28
Publications and subscriptions	21	22
Records preservation project	185	294
Repairs and maintenance	68	67
Software licensing	4	
Special surveys	19	49
Sundry	30	10
Survey remonumentation program	150	153
Telephone	75	74
Training and staff development	57	59
Travel	12	14
	$ 3,930	$ 3,923

The Property Registry

Schedule 2

An Agency of the Special Operating Agencies Financing Authority - Province of Manitoba

Public Sector Compensation Disclosure

(In Thousands)
Year Ended March 31, 2007

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds $50,000 per annum. This information is as follows:

Employee	Position	Amount
Ayotte, R.	Survey Examiner	$ 51
Barrault, K.	Information Technologist	63
Brown, W. G.	Assistant District Registrar	50
Burtnick, P.	Acting Client Services Supervisor	51
Cass, A. B.	Survey Examiner	54
Crierie, R. F.	Administration Officer	53
Crockatt, D.	Registrar, Personal Property Security	103
Davidson, R. E.	Senior Deputy District Registrar	107
Dequier, R.	Administration Officer	53
Effler, B. C.	Deputy Registrar General, District Registrar	115
Fraser, G. R. S.	Examiner of Surveys	88
Fraser, J.	Deputy District Registrar	107
Gilleta, R. C.	Acting Manager of Examinations	53
Heska, R.	Acting Client Services Supervisor	53
Hornby, C. L.	Manager of Public Services	52
Hutch, R. W.	Manager of Examinations	53
Johnston, B. G.	District Registrar	97
Johnston, W.	Survey Examiner	54
Kernested, G.	Financial Officer	54
Kushniruk, J.	District Registrar	108
Laing, F.	Clerk	51
Lillie, G.	District Registrar	99
McEachern, B. C.	Assistant Deputy Registrar	50
Pauls, I.	Database Administrator	70
Roy, A. D. J.	Survey Examiner	53
Russell, C.	District Registrar	99
Scott, G. D.	Assistant District Registrar	54
Scott, J. R.	Assistant District Registrar	50
Shaw, C.	Assistant District Registrar	54
Simmonds, I.	Deputy District Registrar	86
Sims, E.	District Registrar	97
Stevenson, A.C.	Computer and Systems Coordinator	58
Strong, E.B.	Director, Finance and Systems	78
Stupak, D.	Network Administrator	57
Wilken, D. J.	Administration Officer	52
Wilson, R. M.	Registrar General and Chief Operating Officer	119

THE MANITOBA SECURITIES COMMISSION

Financial Statements

For the year ended March 31, 2007

THE MANITOBA
SECURITIES
COMMISSION

The Manitoba Securities Commission's management is responsible for preparing the financial statements and other financial information in the Annual Report. These financial statements were prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The financial statements include amounts that are based on management's best estimates and judgments. BOO Dunwoody, independent external auditors, audited the Commission's financial statements.

The Commission maintains accounting and internal control systems to provide reasonable assurance that its financial information is reliable and accurate and that its assets are adequately protected.

The Commission's management meets regularly to review the financial statements and accounting practices. The auditors are given free and full access to management, if required to discuss results of their audit and their views on the adequacy of internal controls and the quality of financial reporting.

On behalf of management,

Donald G. Murray
Chair and C.E.O.

Robert B. Bouchard, CA
Chief Administrative Officer

Marlene Nemes, CMA
Controller

May 15, 2007

THE MANITOBA SECURITIES COMMISSION

Financial Statements
For the year ended March 31, 2007

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BDO

BDO Dunwoody LLP/s.r.l.
Chartered Accountants and Advisors
Comptables agréés et conseillers

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Winnipeg Manitoba Canada R3C 4L5
Telephone/Téléphone: (204) 956-7200
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Toll Free/Sans frais: 1-800-268-3337
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Auditors' Report

To The Special Operating Agencies Financing Authority:

We have audited the balance sheet of **THE MANITOBA SECURITIES COMMISSION**, An Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2007 and the statements of income, retained earnings, reserve fund and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 15, 2007

BDO Dunwoody LLP *is a Limited Liability Partnership registered in Ontario*
BDO Dunwoody s.r.l. *est une société à responsabilité limitée constituée en Ontario*

THE MANITOBA SECURITIES COMMISSION
Balance Sheet
(in thousands)

March 31		2007		2006
Assets				
Current Assets				
Cash and short-term deposits (Note 2)	$	4,594	$	3,244
Accounts receivable (Note 3)		44		16
Prepaid expenses		36		21
		4,674		3,281
Restricted short-term deposits (Note 4)		750		750
Receivable from the Province of Manitoba (Note 5)		269		269
Capital assets (Note 6)		163		204
	$	5,856	$	4,504
Liabilities and Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$	144	$	28
Accrued vacation entitlements (Note 7)		210		188
		354		216
Severance pay liability (Note 8)		205		181
		559		397
Commitments and contingency (Notes 9 and 12)				
Reserve Fund (Note 10) (Page 5)		750		750
Retained earnings (Page 5)		4,547		3,357
		5,297		4,107
	$	5,856	$	4,504

The accompanying summary of signficant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA SECURITIES COMMISSION

Statement of Income

(in thousands)

For the year ended March 31	2007	2006
Revenue		
Fees	$ 11,717	$ 10,444
Interest	150	93
Miscellaneous	46	1
	11,913	10,538
Expenses		
Salaries and benefits	2,414	2,279
Operating expenses (Page 12)	1,001	1,052
Amortization - capital assets	58	119
	3,473	3,450
Net earnings for the year (Page 5)	$ 8,440	$ 7,088

The accompanying summary of signficant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA SECURITIES COMMISSION

Statement of Retained Earnings

(in thousands)

For the year ended March 31		2007		2006
Retained earnings, beginning of year	$	3,357	$	3,019
Net earnings for the year (Page 4)		8,440		7,088
Disposition of surplus operating funds (Note 11)		(7,250)		(7,000)
Allocation from Reserve Fund		-		250
Retained earnings, end of year (Page 3)	$	4,547	$	3,357

Statement of Reserve Fund

(in thousands)

For the year ended March 31		2007		2006
Balance, beginning of year	$	750	$	1,000
Allocation to Retained Earnings		-		(250)
Balance, end of year (Page 3)	$	750	$	750

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA SECURITIES COMMISSION

Statement of Cash Flows

(in thousands)

For the year ended March 31	2007	2006
Cash Flows from Operating Activities		
Net earnings for the year	$ 8,440	$ 7,088
Adjustment for		
Amortization - capital assets	58	119
	8,498	7,207
Changes in non-cash working capital		
Accounts receivable	(28)	(4)
Prepaid expenses	(15)	5
Accounts payable and accrued liabilities	116	21
Accrued vacation entitlements	24	3
Accrued salaries and benefits	-	(73)
	97	(48)
Severance pay liability	24	9
	8,619	7,168
Cash Flows from Investing Activities		
Acquisition of capital assets	(19)	(37)
Transfer from restricted short-term deposits	-	250
	(19)	213
Cash Flows from Financing Activities		
Disposition of surplus operating funds	(7,250)	(7,000)
Net increase in cash and cash equivalents	1,350	381
Cash and cash equivalents, beginning of year	3,244	2,863
Cash and cash equivalents, end of year	$ 4,594	$ 3,244
Supplementary information:		
Interest received	$ 140	$ 88

The accompanying summary of signficant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA SECURITIES COMMISSION
Summary of Significant Accounting Policies

March 31, 2007

Basis of Reporting

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Capital Assets

Capital assets are recorded at cost and amortized over their estimated lives as follows:

Office equipment	20% straight-line
Furniture and fixtures	20% straight-line
Leasehold improvements	10% straight-line
Computer hardware	20% straight-line
Computer software	20% straight-line

The half-year rule is used in the year of acquisition.

Revenue Recognition

Fees and cost recoveries are recognized when received. Investment income is recorded in accordance with terms of the related investment.

Financial Instruments

The Commission's financial instruments consist of cash and short-term deposits, accounts receivable, restricted short-term deposits, amounts due from related parties, and accounts payable and accrued liabilities. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Nature of Organization

Effective April 1, 1999 the Lieutenant Governor in Council designated the The Manitoba Securities Commission as a special operating agency under The Special Operating Agencies Financing Authority Act (C.C.S.M. c.S185) by Order in Council No. 144/1999. The Order also gave approval to the Special Operating Agencies Financing Authority and the Minister of Consumer and Corporate Affairs, being the Minister responsible for the Commission, at that time, to enter into a management agreement with respect to the Commission.

The Management Agreement between the Financing Authority and the Minister of Consumer and Corporate Affairs assigns responsibility to manage the assets transferred to The Manitoba Securities Commission in delivering regulated services to clients.

2. Cash and Short-term Deposits

The Commission invests all surplus cash in short-term deposits with the Province of Manitoba, which are made up of thirty, sixty and ninety day callable term deposits.

3. Accounts Receivable

	2007	2006
Accrued interest	$ **26**	$ 16
Trade	**18**	-
	$ **44**	$ 16

4. Restricted Short-term Deposits

The Commission maintains separate short-term deposits with the Province of Manitoba to fund expenses which may arise with respect to the Reserve Fund (Note 10).

5. Receivable from the Province of Manitoba

The receivable from the Province of Manitoba is made up of vacation and severance pay entitlement earned by employees of the Commission prior to creation of the SOA as at April 1, 1999. This receivable, or portion thereof for the Commission, will be collected in the event there is a cash shortfall. However, this is only likely to happen on the dissolution of the Commission. The balance consists of:

	2007	2006
Vacation entitlements	$ 117	$ 117
Severance pay benefits	152	152
	$ 269	$ 269

6. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	$ 29	$ 26	$ 27	$ 24
Furniture and fixtures	139	128	135	123
Leasehold improvements	5	1	5	-
Computer hardware	125	120	122	118
Computer software	855	715	845	665
	$ 1,153	$ 990	$ 1,134	$ 930
Cost less accumulated amortization		$ 163		$ 204

7. Accrued Vacation Entitlements

The Commission follows the policy of the Department of Finance to recognize the vacation entitlement liability accumulated to March 31, 1999. The liability at this date is offset by a receivable from the Province and was $117 as at March 31, 1999. Any subsequent changes to the entitlement are reflected as a current year expense to the Commission. As at March 31, 2007 there was an increase to the entitlement in the amount of $22. The accrued vacation entitlement was $210 as of March 31, 2007 (2006 - $188).

8. Severance Pay Liability

Effective April 1, 1999, the Commission began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when the actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2005. The report provides a formula to update the liability on an annual basis. The Commission's actuarially determined net liability for accounting purposes as at March 31, 2007 was $205 (2006 - $181). Commencing in the 2006 fiscal year, the actuarial loss of $7 is being amortized over the 15 year expected average remaining service life of the employee group.

9. Lease Commitment

The Commission has entered into a lease agreement commencing October 1, 2005 for rental of facilities at 400 St. Mary Avenue, which expires September 30, 2020. Occupancy charges for the year ended March 31, 2007 were $243. Minimum annual lease payments total $236 per year for each of the next five years.

10. Reserve Fund

The Commission has established a Reserve Fund to finance extraordinary expenses for isolated and unanticipated purposes that are regulatory in nature and for changes in market activity that has a negative effect on revenues. The amount of the Reserve Fund has remained unchanged in the current year.

11. Disposition of Surplus Operating Funds

The disposition of surplus operating funds consists of payments made to the Consolidated Revenue Fund of the Province of Manitoba according to Treasury Board Directives.

12. Contingency

The Commission has been named as defendant in four statements of claim. At the time of preparation of these financial statements, the outcome of these claims were undeterminable. The cost of a future settlement, if any, will be reflected as an expense in the year paid.

13. Pension Benefits

Employees of The Manitoba Securities Commission are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act (CSSA), administered by the Civil Service Superannuation Board (CSSB). The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Manitoba Securities Commission, through the Civil Service Superannuation Fund (CSSF).

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, The Manitoba Securities Commission transferred to the Province the pension liability for its employees.

Commencing April 1, 2001, The Manitoba Securities Commission was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2007 was $86 (2006 - $86). Under this Agreement, the Manitoba Securities Commission has no further pension liability.

14. Working Capital Advances

These advances are provided to the Commission through the Special Operating Agencies Financing Authority pursuant to the Management Agreement. The Commission has an authorized line of working capital advances of $1.0 million of which $Nil was used at March 31, 2007 (2006 - $Nil).

During the year, the Commission incurred interest charges of $Nil (2006 - $Nil).

THE MANITOBA SECURITIES COMMISSION
Schedule of Operating Expenses
(in thousands)

For the year ended March 31

		2007	%		2006	%
Contract services	$	**223**	**22**	$	300	29
Premises		**243**	**24**		226	21
Office materials and supplies		**94**	**9**		111	11
Professional services		**120**	**12**		85	8
Travel		**69**	**7**		81	8
Telecommunications		**47**	**5**		63	6
CSA initiatives*		**76**	**8**		66	6
Research resources		**26**	**3**		29	3
Education/Information initiatives		**56**	**6**		47	4
Staff development		**21**	**2**		23	2
Miscellaneous		**24**	**2**		13	1
Professional membership and dues		**2**	**-**		8	1
	$	**1,001**	**100**	$	1,052	100

* Canadian Securities Administrators

THE MANITOBA SECURITIES COMMISSION

Schedule of Public Sector Compensation Disclosure

(in thousands)

For the year ended March 31, 2007

Employee	Title	Compensation
Don Murray	Chairman & CEO	$ 125
Doug Brown	Director & Secretary to the Commission	116
Bob Bouchard	Director & CAO	95
Chris Besko	Assistant Legal Counsel	99
Kim Laycock	Assistant Legal Counsel	99
Steven Gingera	Assistant Legal Counsel	95
William Baluk	Registrar	76
Wayne Bridgeman	Senior Analyst	72
Jan Banasiak	Senior Investigator	71
Marlene Nemes	Controller	80
Ainsley Cunningham	Information Officer	65
Paula White	Compliance Officer	63
Jason Roy	Investigator	61
Chris Kowalski	Deputy Registrar - Real Estate	58
Isilda Tavares	Registration Officer	58
Terry Kirkham	Investigator	51

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds $50 per annum.

FINANCIAL REPORT

CROWN LANDS AND PROPERTY AGENCY

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Year Ended March 31, 2007

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Manitoba

Infrastructure and Transportation

Crown Lands & Property Agency
Land Acquisition Branch

308-25 Tupper Street North
Portage la Prairie Manitoba
R1N 3K1
T (204) 239-3510 F (204) 239-3560
www.manitoba.ca

Writer's Direct Line (204) 239-3522
Email: normand.leneal@gov.mb.ca

June 25, 2007

Management's Report

To the Special Operating Agencies Financing Authority

Crown Lands and Property Agency's management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of CLPA's financial position and results of operations and its cash flows in accordance with Canadian Generally Accepted Accounting Principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available through May 11, 2007.

Management maintains internal controls to properly safeguard CLPA's assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

CLPA's financial statements have been audited by *The Exchange Chartered Accountants* LLP, independent external auditors. The auditors' responsibility is to express an independent opinion on whether the financial statements of CLPA are presented fairly, in all material respects, in accordance with Canadian Generally Accepted Accounting Principles. The Auditors' Report outlines the scope of their audit examination and provides their audit opinion.

On behalf of the CLPA management.

MKubasiewicz

Michal Kubasiewicz, BES, MBA, MCIP
Chief Operating Officer

Normand Le Neal
Finance Officer

June 25, 2007

Manitoba
spirited energy

EXG

THE EXCHANGE

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Crown Lands and Property Agency, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2007 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
May 25, 2007

CROWN LANDS AND PROPERTY AGENCY

Balance Sheet

(In Thousands)

March 31, 2007

ASSETS		
CURRENT		
Accounts receivable *(Note 3)*	$	775
Work in progress		412
Prepaid expenses		57
		1,244
PLANT AND EQUIPMENT *(Notes 2, 4)*		220
ASSETS HELD IN TRUST		4
DUE FROM PROVINCE OF MANITOBA *(Notes 5, 8)*		670
	$	2,138
LIABILITIES		
CURRENT		
Working capital advance *(Note 6)*	$	1,517
Accounts payable and accrued liabilities *(Note 7)*		420
Client held funds		238
		2,175
SEVERANCE PAY LIABILITY *(Note 8)*		357
TRUST FUND LIABILITY		4
		2,536
EQUITY		
Deficit		(398)
	$	2,138

CROWN LANDS AND PROPERTY AGENCY

Statement of Loss and Deficit

(In Thousands)

Year Ended March 31, 2007

RECOVERIES	$	3,012
EXPENSES		
Advertising		15
Amortization		44
Desktop operating lease		138
Insurance		2
Interest on working capital advance		65
Contributed services		66
Meals and accommodations		9
Computer maintenance costs		123
Office		148
Professional fees		118
Rental		234
Salaries and wages		2,365
Training		21
Travel		52
		3,400
NET LOSS		(388)
DEFICIT - BEGINNING OF YEAR *(Note 9)*		(10)
DEFICIT - END OF YEAR	$	(398)

CROWN LANDS AND PROPERTY AGENCY

Statement of Cash Flows

(In Thousands)

Year Ended March 31, 2007

OPERATING ACTIVITIES		
Cash receipts from customers	$	1,153
Cash paid to suppliers and employees		(2,332)
Interest paid		(65)
Cash flow used by operating activities		(1,244)
INVESTING ACTIVITY		
Purchase of plant and equipment		(263)
Cash flow used by investing activity		(263)
FINANCING ACTIVITY		
Net deficit on transfer		(10)
Cash flow used by financing activity		(10)
DECREASE IN CASH		(1,517)
CASH - BEGINNING OF YEAR		-
DEFICIENCY - END OF YEAR	$	(1,517)

CROWN LANDS AND PROPERTY AGENCY

Notes to Financial Statements

(In Thousands)

Year Ended March 31, 2007

---

1. NATURE OF ORGANIZATION

Effective April 1, 2006, Crown Lands and Property Agency (the "Agency") was designated as a Special Operating Agency by regulation under The Special Operating Agencies Financing Authority Act made by the Lieutenant Governor in Council.

The Agency will have full authority for all Crown land sales, leases and permits, as well as land appraisal, acquisition, expropriation and other services for the provincial government. The Agency's mission is to provide quality Crown land information and services to the public and government departments that are open, fair and transparent.

The newly designated Agency consolidates the services previously done by the Lands Acquisition Branch, Lands Branch, Agricultural Crown Land Management and Parks Districts Records departments.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A Management Agreement between the Financing Authority and the Minister of Transportation and Government Services assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

The Agency forms part of the Supply and Services Division of Manitoba Infrastructure and Transportation under the general direction of the Chief Operating Officer and the Assistant Deputy Minister of the Supply and Services Division, and ultimately the policy direction of the Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations.

The Agency is economically dependent upon the Province of Manitoba, as it derives a significant portion of its revenue from the Province. The transactions with the Province of Manitoba are recorded at the exchange amount, which is the amount agreed upon by both parties.

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Revenue Recognition

Recoveries are recognized as revenue when the service has been performed and collection is reasonably assured.

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Plant and Equipment

Equipment transferred to the Agency on April 1, 2006 assumed a cost equal to its net book value at March 31, 2006.

Plant and equipment are stated at cost less accumulated amortization. Plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer hardware	5 years	straight-line method
Computer software	5 years	straight-line method
Equipment	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method

3 ACCOUNTS RECEIVABLE

The balance is comprised of the following amounts:

Trade accounts receivable	**$**	**564**
Expense recoveries from other departments		**23**
Revenue share payments		**188**
	$	**775**

4 PLANT AND EQUIPMENT

		Cost		Accumulated amortization		**Net book value**
Computer hardware	$	132	$	26	**$**	**106**
Computer software		73		10		**63**
Equipment		46		5		**41**
Furniture and fixtures		12		2		**10**
	$	263	$	43	**$**	**220**

5 DUE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for severance pay, vacation pay and banked time benefits earned by the employees of the four departments referred to in note 1 to March 31, 2006. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

CROWN LANDS AND PROPERTY AGENCY

Notes to Financial Statements

(In Thousands)

Year Ended March 31, 2007

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6. WORKING CAPITAL ADVANCE

The Agency has an authorized line of working capital from the Province of Manitoba of $4,000 of which $1,517 was used as at March 31, 2007.

---

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balance is comprised of the following amounts:

Trade accounts payable	$	148
Accrued vacation pay and banked time		267
Goods and services tax		5
	$	420

---

8. SEVERANCE LIABILITY

The Agency records accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of fifteen years, by the weekly salary at date of retirement, provided the employee reaches nine years of service and retires from the Agency. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the employees of the four departments referred to in note 1 to March 31, 2006. Accordingly, the opening severance pay liability of $405 is included in the receivable from the Province of Manitoba.

---

9. DEFICIT

The Special Operating Agencies Financing Authority and the Manitoba Provincial Government entered into a Transfer Agreement respecting the transfer, from the Provincial Government to the Financing Authority, of the net assets required for the continuing operations of the Agency. As at April 1, 2006, the date of transfer, the liabilities assumed exceeded the value of the assets in the amount of $10. This amount was recorded as the deficit at April 1, 2006.

CROWN LANDS AND PROPERTY AGENCY

Notes to Financial Statements

(In Thousands)

Year Ended March 31, 2007

---

10. PUBLIC SECTOR COMPENSATION DISCLOSURE

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding $50 annually to any officer or employee of the Province of Manitoba. The following employees received compensation in excess of $50:

Bernat, Leonard	Property Appraiser	$	53
Chadney, Laren	Information Technologist		56
Cyversko, Raeburn	Senior Manager		74
Dureault, Diane	Administration Officer		61
Kent, Rodney	Administration Officer		53
Krakowka, Larry	Resource Officer		57
Le Neal, Normand	Financial Officer		60
Lucky, Ron	Property Appraiser		58
McLeod, Jerry	Property Appraiser		55
Millar, Scott	Property Appraiser		72
Pantel, Aurel	Property Appraiser		51
Penner, Mary Ann	Property Appraiser		55
Pishak, Calvin	Information Technologist		61
Sheridan, Bryan	Administration Officer		52
Sonley, Judy	Property Appraiser		54
Wright, Kurt	Property Appraiser		72

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11. FINANCIAL INSTRUMENTS

The Agency's financial instruments consist of accounts receivable, assets held in trust, due from Province of Manitoba, working capital advance, accounts payable and accrued liabilities, client held funds, severance liability and trust fund liability. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

GREEN MANITOBA ECO SOLUTIONS

Financial Statements

Year Ended March 31, 2007

GREEN MANITOBA ECO SOLUTIONS

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Year Ended March 31, 2007

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EXG

THE EXCHANGE

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Green Manitoba Eco Solutions as at March 31, 2007 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the agency as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The Exchange

chartered accountants LLP

Winnipeg, Manitoba
June 1, 2007

Green Manitoba Eco Solutions
An Agency of the Special Operating Agencies Financing Authority
Province of Manitoba

The accompanying financial statements of Green Manitoba Eco Solutions are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data.

Management maintains a system of internal controls throughout its operation that provides reasonable assurance that transactions are authorized, properly recorded and reported, and that assets are safeguarded.

The responsibility of the external audit is to express an independent, professional opinion lending assurance and objectivity as to whether the financial statements of Green Manitoba are fairly presented in accordance with Canadian generally accepted accounting principles. The auditors' report outlines the scope of the audit examination and provides the audit opinion.

JBakke

Jim Bakken
Chief Operating Officer

GREEN MANITOBA ECO SOLUTIONS

Balance Sheet

March 31, 2007

ASSETS	
CURRENT	
Accounts receivable *(Note 3)*	$ 17,040
Prepaid expenses	684
	17,724
CAPITAL ASSETS *(Note 2, 4)*	7,277
	$ 25,001
LIABILITIES	
CURRENT	
Working capital payable *(Note 5)*	$ 55,146
Accounts payable and accrued liabilities	16,953
Deferred revenue *(Note 2)*	98,750
	170,849
SEVERANCE LIABILITY *(Note 6)*	623
	171,472
EQUITY	
Contributed surplus *(Note 7)*	8,997
Deficit	(155,468)
	(146,471)
	$ 25,001

COMMITMENTS *(Note 8)*

GREEN MANITOBA ECO SOLUTIONS

Statement of Loss and Deficit

Year Ended March 31, 2007

REVENUE	
Science, Technology, Energy and Mines service agreements (STEM)	$ 485,400
Program management earnings	16,841
PROGRAMS AND GRANTS	
Manitoba Research and Innovation Fund (MRIF)	30,000
Household Hazardous Waste Management Program	674,800
School Waste Program	25,000
Waste Reduction Program	25,000
Green Building Program	121,890
Independent School Environmental Funding Program	42,350
Council on Post-Secondary Education	146,380
	1,567,661
EXPENSES	
PROGRAMS	
Integrated Information Management Model (MRIF)	28,100
Household Hazardous Waste Management Program	655,200
School Waste Program	18,900
Waste Reduction Program	21,700
Independent School Environmental Funding Program	38,300
Council on Post-Secondary Education Program	146,380
	908,580
SALARIES AND BENEFITS	514,816
OPERATING EXPENSES *(Schedule 1)*	299,733
TOTAL EXPENSES	1,723,129
NET LOSS	(155,468)
RETAINED EARNINGS - BEGINNING OF YEAR	-
DEFICIT - END OF YEAR	$ (155,468)

GREEN MANITOBA ECO SOLUTIONS

Statement of Cash Flows

Year Ended March 31, 2007

OPERATING ACTIVITIES	
Cash receipts from government and agencies	$ 1,649,371
Cash paid to suppliers and employees	(1,704,517)
Cash flow used by operating activities	(55,146)
INVESTING ACTIVITY	
Purchase of equipment	(8,997)
Cash flow used by investing activity	(8,997)
FINANCING ACTIVITY	
Contributed surplus	8,997
Cash flow from financing activity	8,997
DECREASE IN CASH FLOW	(55,146)
CASH - BEGINNING OF YEAR	-
WORKING CAPITAL PAYABLE - END OF YEAR	$ (55,146)

1. NATURE OF ORGANIZATION

Effective April 1, 2006, Green Manitoba Eco Solutions ("Green Manitoba") was designated as a Special Operating Agency pursuant to the Special Operating Agencies Financing Authority act (C.C.S.M. c.S185). Green Manitoba operates under a charter approved by the Lieutenant Governor in Council.

Green Manitoba is committed to connecting environmental quality and economic vitality through efficient resource utilization. Green Manitoba promotes the implementation of community practices that conserve water, reduce demand for energy, and effectively manage and minimize waste.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from the Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework enables the Agency to operate in a business-like manner according to public policy expectations. A management agreement between the Financing authority and the Minister of Science, Technology, Energy and Mines assigns responsibility to Green Manitoba to manage and account for the Agency-related assets and operations on behalf of the Financing Authority.

Green Manitoba is part of the Department of Science, Technology, Energy and Mines and operates under policy direction of the Deputy Minister. The Agency remains bound by relevant legislation and regulations, as well as by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Agency is economically dependent on the Province of Manitoba, as it derives a significant portion of its revenue from the province. The transactions with the province of Manitoba are recorded at the exchange amount, which is the amount agreed upon by both parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Capital Assets

Capital assets transferred to the Agency on April 1, 2006 assumed a cost equal to their net book value at March 31, 2006.

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized straight-line over a period of 5 years. The Agency regularly reviews its fixed assets to eliminate obsolete items. Government grants are treated as a reduction of fixed asset cost.

Deferred revenue

Deferred revenue represents cash received for projects that were started but not completed by year end.

Revenue recognition

Grants are recognized as income in the year in which they are received. Special program funding is taken into income to match the program expenditures. Any remaining program funding is deferred.

3. ACCOUNTS RECEIVABLE

The accounts receivable balance is comprised of the following amounts:

School waste program	$ 4,850
Green building program	12,190
	$ 17,040

4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net book value
Equipment	$ 79	$ 8	$ 71
Furniture and fixtures	8,918	1,712	7,206
	$ 8,997	$ 1,720	$ 7,277

5. WORKING CAPITAL PAYABLE

The Agency has an authorized working capital from the Province of Manitoba of $500,000 of which $55,146 was used at March 31, 2007.

6. SEVERANCE LIABILITY

Effective April 1, 2006, the Agency commenced recording accumulated severance pay benefits for its employees.

The amount of severance pay obligations is normally based on actuarial calculations. Green Manitoba has not had an actuary report completed as they are a new special operating agency, therefore an extrapolation of other SOA's was used for Green Manitoba. The periodic valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

The estimated severance pay liability as of March 31, 2007 is $623.

7. CONTRIBUTED SURPLUS

Green Manitoba and the Department of Energy, Science and Technology entered into a Transfer Agreement to transfer existing assets used in the Green Manitoba Eco Solutions program of the Department of Energy, Science and Technology. They consist primarily of equipment, furniture and other items having an estimated value of $8,997. The Agency has capitalized these assets with a corresponding increase in contributed surplus.

8. COMMITMENTS

During the year, the Agency entered into a three year lease with Toshiba of Canada for printing and copying equipment. The lease is being paid monthly until June 30, 2009. The Agency entered into a second lease with Toshiba of Canada for a fax machine. This lease is being paid monthly until January 31, 2009.

Lease payment schedule:

2008	$ 2,832
2009	2,832
2010	1,121
	$ 6,785

9. PENSION BENEFIT

In accordance with the provisions of The Civil Service Superannuation Act, employees of the Agency are eligible for pension benefits under the Civil Service Superannuation Fund. The pension plan is a defined benefit plan, which requires the Agency to contribute an amount equal to the employee's contribution to the fund for current services. The amount contributed and expensed by the Agency in the current year is calculated at $ 7,956.

The Agency has no further liability associated with the annual cost of pension benefits earned by the Agency's employees.

10. FINANCIAL INSTRUMENTS

The Agency's financial instruments consist of accounts receivable, accounts payable, working capital payable, severance liability and accrued liabilities. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

11. PUBLIC SECTOR DISCLOSURE

It is the requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of individual compensation exceeding $50,000 annually to any officer or employee of the Province of Manitoba. Green Manitoba was not the employer of record at March 31, 2007 for any employees receiving compensation in excess of $50,000. Where compensation in excess of $50,000 was paid, employee names and the amounts paid have been disclosed in the records of affected departments.

GREEN MANITOBA ECO SOLUTIONS

Operating Expenses

(Schedule 1)

Year Ended March 31, 2007

Amortization	$ 1,720
Audit fees	5,215
Consulting services	85,650
Equipment rentals	2,658
IT maintenance and support	25,168
Legal fees	2,383
Miscellaneous	37,650
Occupancy	117,138
Office	3,984
Telecommunications	8,242
Travel	7,042
Vehicle	2,883
	$ 299,733